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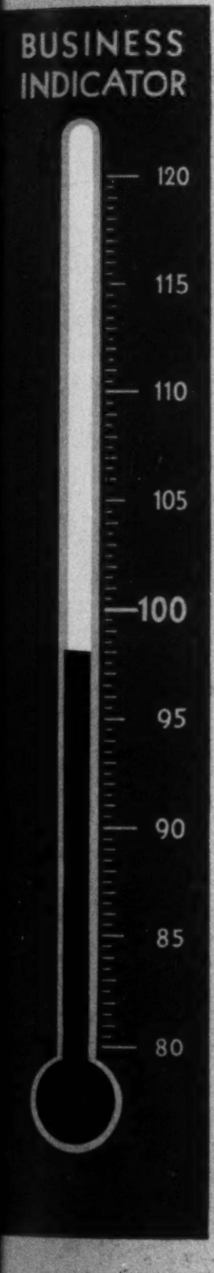
THE BUSINESS WEEK

MAY 28, 1930



THE business thermometer continues to climb toward the normal level for the season and the year. It rose 1.3 points for the week and is now only a little more than 2% below normal, though still more than 10% under last year's level at this time (see p. 41). . . . . It may slip a bit from time to time in coming weeks, and will probably not be able to hold firmly to an average around normal till fall; but there is little doubt now about the upward trend of general business during the past two months. . . . . The patient is clearly convalescent and should be yelling for something more substantial to eat soon. The vital organs are stronger; only the circulation is still somewhat slow, and the pocketbook weak. Production and inventories have been cut in some lines to a point where retailers are being a bit cramped to meet even current consumer demand. . . . . While general trade lags a little, basic industrial activity is being sustained somewhat above seasonal levels, and is likely to respond quickly, along with prices, to any increased buying pressure. . . . . Even now, considering the lower level of prices, business volume is higher than it looks. Only in the stock market is business so slack that it has to play solitaire; but nobody thinks this rest cure will do it any harm. Disturbed foreign conditions and declining foreign trade are the only clouds on the quiet summer horizon.

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Perpetual Inventory
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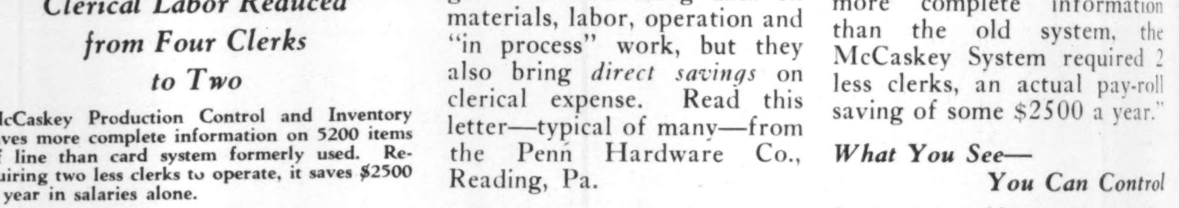

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What's In This Issue—And Why

PRICES, employment, wages—these are the vital topics, and will be for months to come. Business revival means buying revival. Not much of the decline in commodity prices has been dangled as bait before the retail customer, it appears.

UNLOVED and unwanted, the tariff baby will be found on the White House steps some morning soon. Then comes grief for the President—and whatever he does will make him trouble.

NEW crops approach with the inexorable march of the calendar. Where to store them, with every bin overflowing now? The Farm Board's lot is not a happy one.

CONFRONTED by an old-fashioned malady, veteran Standard Oil applies an old, familiar remedy; meets overproduction in California with a drastic cut in prices.

BANKING is in process of transition, faces problems that are highly controversial. Courageously, A. B. A. committees take definite stand. Battle is forecast.

SAVINGS banks grow restive under restrictions that circumscribe their competition with commercial banks, decide in annual convention they want changes.

TAKING formal possession of Missouri Pacific, the Van Sweringens break a rule—announce plans for the future. They want Western Pacific, and Denver & Rio Grande. Arthur Curtiss James says No. It means a tussle.

THE junkman's cart is shabby as ever, but the junkman wears a new dignity. He is a unit in one of our greatest industries; scrap now dominates the metal markets, controls the output of mines.

RESIDENTIAL blocks should be 1000 feet long. This and other standards for subdivisions approved by the directors will be adopted by the realtors at their July convention.

AMERICA had better take what it can get of Russian business now; later on Russia will be a bad competitor rather than a good customer—this is *The Business Week's* reasoned conclusion.

WHAT will business do for the next five years? Continental Illinois Bank & Trust Co. has made a painstaking study, offers a forecast—steady gain, but no spectacular spurts.

INSTALMENT selling is getting no severe test this year, says Milan V. Ayres, and besides, it is older than most observers realize, has weathered depressions before.

SIX months use of an ingenious new code shows business men who trade with Europe are saving as high as one-fifth their cable bills. To some banks that means $50,000 a year.

NEW ENGLAND looks abroad for business—and gets it. Some 2,000 firms export; 34 firms do $1 million or more a year.

EVERY business man thinks wistfully now and then of quitting. James W. Dublin thinks of it, too, and discusses the technique of retirement with wisdom and a chuckle.

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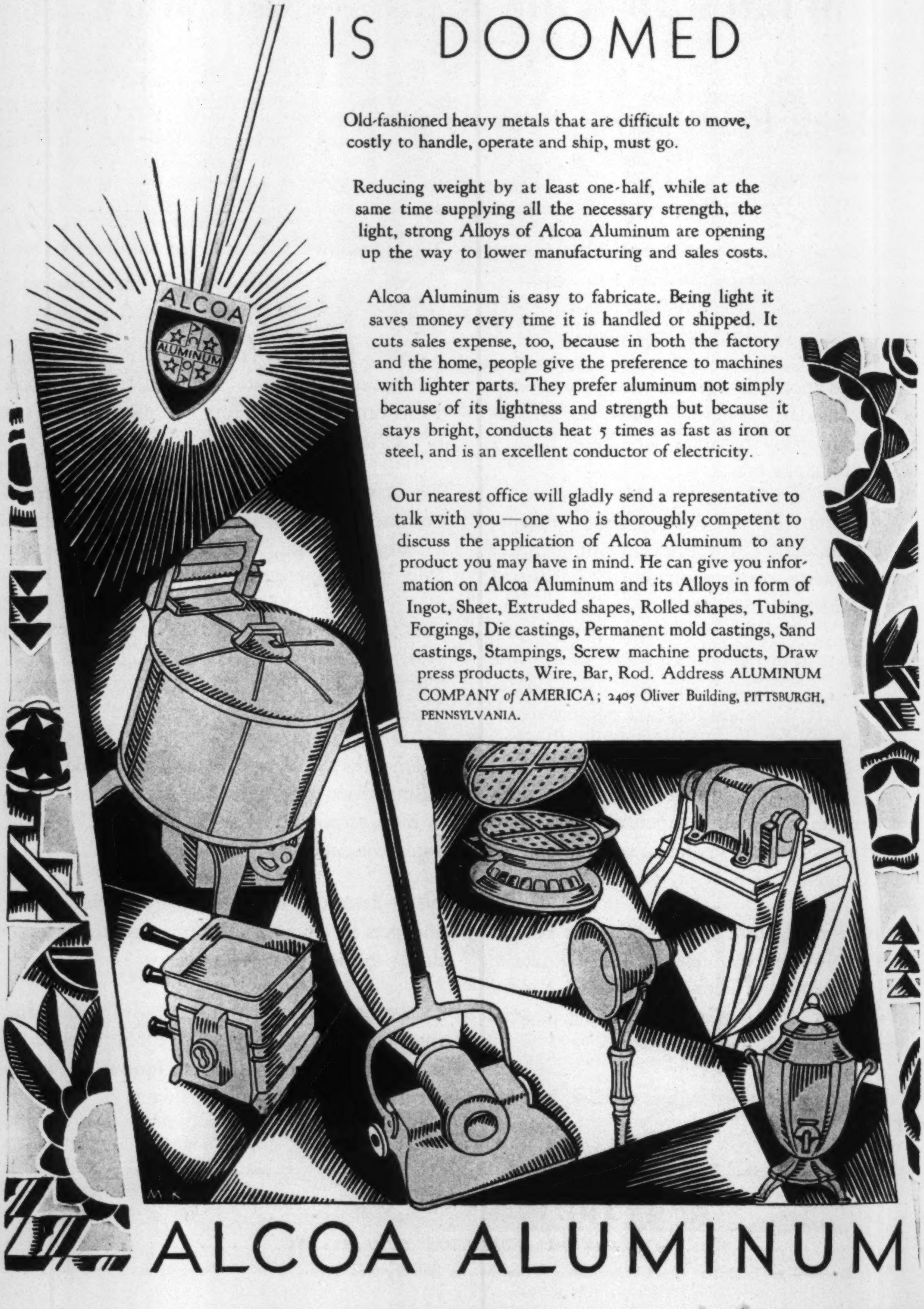
EXCESSIVE DEAD-WEIGHT IS DOOMED



Old-fashioned heavy metals that are difficult to move, costly to handle, operate and ship, must go.

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THE BUSINESS WEEK

The Journal of Business News and Interpretation

News of the week ending May 24, 1930

Retail Prices Begin Decline, Buying Promptly Responds

Department Store Sales Increase as Public Is Attracted by Better Values

RETAILERS are beginning to pass on to the consumer some of the sharp drop in raw commodity prices.

Evidence is convincing that the public responds quickly. Department store sales, for example, have increased noticeably in the last week or two.

There hasn't been time yet for statistics to catch up fully with the developments. Some of the significant facts are not reducible to statistics. But investigation by *The Business Week* indicates clearly:

1. Retail prices of general merchandise are beginning to work lower.
2. Volume of sales is highly satisfactory; bargain offers bring big response.
3. Volume of merchandise plotted against dollar volume shows (a) lower prices, (b) shoppers' preference for cheaper quality goods.
4. Grocery prices probably are lower than the official index figure has yet had time to show.
5. Chain stores in many lines speed the general price reduction.
6. Fixed-price lines and fixed-price stores meet the situation with better values for the price.

Some Special Situations

The most drastic retail price reductions, of course, have been due to special situations and are not typical. Women's hosiery, for example, and furniture, where unusual troubles of the industries have brought distress merchandise into the market.

Hosiery prices are off about 20%.

In furniture, precipitous price declines have followed dumping of certain large stocks. Simmons started it by slashing prices on the Berkey & Gay stock about two months ago, forcing retailers with Berkey & Gay furniture on hand to meet the cuts. Competitors had to do the same. Naturally distress stocks soon appeared. The Fair, Chicago, has been selling the $300,000 Luce Company stock for prices "so infinitely lower" that half went in two weeks.

Department store prices recently were estimated as down 9% from 1929.

A big New York store reports sales in dollars about the same as last year, but a greater amount of merchandise has been sold. This means that prices have fallen. Percentages for the entire range of goods would only be a guess. Furniture prices have been lowered.

An Orderly Recession

Bloomingdale's, New York, says: "Retail prices have fallen in an orderly manner. This movement started before stocks crashed. Even at the height of the 1929 boom there was a marked downward trend in merchandise.

"Our prices are somewhat lower than last year, but not much. We have done more business this year with less store space. Merchants who emphasize price are benefiting.

"There are few items which have fallen as decidedly as hosiery. Textile prices are down, but so much of the cost of a dress is labor that a few cents in the cost of the cloth make little difference. The common denominators of our trade are about the same as in 1929. Our $37.50 men's suit, the $1.50 shirt, $6 shoes—such basic items remain at last year's level."

Selling Costs Higher

The J. C. Penney Co., huge and efficient cash retail garment chain, has not generally reduced prices and has no intention of doing so. The company reports some reduction in costs of workmanship and fabrics, but this is completely offset by the increased cost of selling, which prevents the buyer from getting more favorable prices. No excuse for marked reduction is seen in the dry goods fields. Penney has encountered no increase in offering of distress stocks.

Marshall Field's advertising has been playing up "commanding values." "They really are commanding, too," an official comments. Furniture, shoes, clothing, personal accessories, and many other items are on sale at lowest prices for a long time.

A Chicago store has been selling sheets and towels at 15% under prices prevailing prior to the textile break in March and reports larger sales in dollars than a year ago, which means much larger sales in units.

Cuts in Food Costs

Groceries, meats, and fruit are down. They probably are going still lower. Gristede's, one of the big New York chains, gives figures to show the extent of the cuts. What the chains do, competing independents must meet.

Says a Gristede official: "General prices in our stores are from 7 to 8% under 1929. The slant is still downward. Importance of the cuts is best judged by the great staple items.

"Butter this time last year was 49c a pound; now it is 39@41c. Eggs are now 2@4c. less a dozen. Flour is 10c less per 24-pound bag. Sugar is 8c less on the dollar. Coffee is 10c less per pound. Potatoes are off, and so are canned goods. A staple can of California peaches is 3c under last year. Golden Bantam corn, which we have never before sold under 19c, is now 15c a can. There is a big pack of tinned goods ahead and prices should decline another 6%"

Stuff that will not sell is being cleaned out. Prunes, classic of the boarding house kitchen, ran into a soggy market. There was too much of the wrinkled delicacy and another crop was on the horizon. A 15c grade was reduced to 10c.

Mail Order Price Cuts Are Only Normal Ones

PRICE cuts recently announced by Sears, Roebuck and Montgomery Ward are not particularly significant. They are merely the usual mid-season sales on 10% to 15% of items offered by the big spring catalogues which appeared in February—less startling than those of department store summer clearance sales as advertised in any normal year.

There is no guarantee that regular

prices will not be resumed with the coming of the big fall catalogues in August, though, no doubt, many of the cuts will hold. The drop of the Ford size, 4-ply balloon tire, which was $11.25 in 1926, from a spring price of $5.85 to a mid-summer sale price of $5.55, is evidently another in a long series of tire price cuts. It is unlikely that it will be raised in the fall. But whether Sears' cut in the featured work-shirt from 89c to 79c will be made permanent, remains to be seen. Ward offers blankets at $1.83 per pair, "lowest price in 14 years," reduced from $1.95. This price is one of those likely to snap back in the fall when blankets are easier to sell.

Freight Payment Dropped

While prepayment of parcel post charges will continue, payment of freight is discontinued on all summer sale items and will be discontinued altogether with the coming of the August catalogues. It has proved unprofitable, tending to stimulate costly business from remote regions, including even some from retailers there, who saw a good chance to cut freight bills.

It is not to be expected that leadership in price-cutting to meet changing economic conditions will come from the mail order houses, large as their operations are. They have the least flexible price structure of all major retail outlets. Once an article goes in the catalogue at a given price, that price holds for 6 months, unless the article be selected as one of the 10% of all items offered that goes in the mid-season bargain "flyer."

Operation of retail stores by the big mail order houses is handicapped by this same price stability, which caused them so much grief in the great post-war deflation.

Underwood & Underwood

Mr. Rosenwald Is Rewarded

The chairman of the board of Sears, Roebuck (left) is presented with a gift from President Von Hindenburg of Germany by Consul General Simon in recognition of his many philanthropies

Wagner Bills Buffeted by Contrary Winds in House

Pacific & Atlantic

Robert Wagner

The Senator from New York wants more public works, more comprehensive labor figures, federal employment agencies

WHETHER the House will do anything this session to back up the Senate's action on the three Wagner labor bills, is still uncertain. Advocates of the legislation point out that no other attempt has been made by Congress to adopt legislation which will mitigate unemployment troubles in the event of another business depression. One of the bills provides for an expansion of public works during periods of depression. Another enables the federal government to establish a system of employment agencies. These two measures have been referred to the judiciary committee of the House which, in turn, has referred them to a sub-committee.

A third Wagner bill provides for the compilation of more comprehensive employment statistics by the Department of Labor. This measure was referred to the House Committee on Labor which recently reported it to the House. Chairman Kopp of the Labor Committee states that he will do what he can to expedite passage of the bill, either by securing a special rule for it or by obtaining permission to suspend the rules. Unless the bill is given special consideration, the crowded state of the House calendar precludes its passage.

Exchanges Bitterly Fought

Virtually unanimous approval has been accorded the bills for speeding up public work and for enumerating the unemployed. Decided objections were raised against the measure proposing the establishment of a federal employment exchange system. This opposition emanated chiefly from the National Association of Manufacturers which professed to be much alarmed over the violation of state rights that would be involved. Those supporting the bill contended that the misgivings of the manufacturers were exaggerated and motivated by deeper reasons such as disinclination to having the national government involved, through the proposed employment exchanges, in disputes concerning the blacklisting of union labor.

Those objecting to the bill will have an excellent opportunity to knife it in the House Committee—regarded as more conservative than the Senate committee which handled the measure.

Tariff Soon Goes to President; Whatever He Does Will Be Wrong

SOME dark night soon the tariff bill will be bundled up carefully and deposited upon the White House steps. Then the rest of us will watch curiously to see if this unloved and unwanted offspring of Congress is taken in and nourished, or given a quick and humane death. One guess seems to be as good as another at present. But the betting odds are against a veto.

The conference bill—comprising disputed rates, dropping the debenture and the Senate's version of flexibility—will be passed quickly by the House and is expected to pass the Senate by a close vote.

What will the President do?

In the first place, by no stretch of the imagination can the bill be said to represent what the President requested a year ago. "Limited revision in which particular consideration is given to agricultural relief" just doesn't describe what has finally come out of the legislative mill.

Secondly, the President knows his economics. It is altogether likely that his personal opinion of the bill is in general agreement with that of the thousand economists who protested it so vigorously a few days ago.

Then, public opinion—as expressed by newspapers, at least—is united against the tariff as it seldom has been against an important piece of legislation. The New York *Telegram's* recent poll of 94 leading newspapers—at least one from every state—showed 74, representing every shade of political opinion, definitely opposed to the proposed measure, 16 in favor, and 4 trying to straddle.

Protests From Abroad

Last, but by no means of minor importance, is the truly startling effect just the threat of the Smoot-Hawley tariff bill has had upon our foreign trade and upon our foreign relations. As told in previous issues of *The Business Week*, country after country—now numbering 35—has vigorously protested its provisions; many of them have taken or are seriously contemplating retaliatory measures.

The latest is Cuba which, on Thursday, by executive decree raised tariff rates from 30% to 500% on commodities—chiefly foods—imported from the United States. This attempt to embargo the $30 million imports is quite clearly in retaliation and self-protection for the increased sugar rates which promise to depress the Cuban industry and cause widespread distress.

On the other side of the picture is the fact that a veto of the bill would destroy all possible value of more than a year of arduous and expensive labor by Congress and would not quiet those who now yell the loudest for more protection.

Then there is the farm question. No matter how mistakenly, there are many who believe the proposed bill promises agricultural relief. Not to give it a chance to prove that it won't work will awaken cries of outrage in many sections of the farm belt.

A Vociferous Minority

What may become the most important factor in the situation is the fact that the President has not displayed any eagerness to engage in major political battles such as would almost certainly ensue should a presidential veto destroy the year-long labors of Messrs. Grundy, Smoot, Watson, et als. While the active proponents of the bill constitute a small minority, perhaps, they are highly organized and immensely vociferous. That they could and would make the welkin ring with cries of anguish is certain should the President frustrate their unselfish efforts to preserve this helpless country from foreign invasion.

Criticism Either Way

Whatever the President does will be wrong. His decision—whatever it is—will place him "on the spot" (as they say in Chicago) the target for such a barrage as has not been seen since Mr. Wilson occupied the White House. The unpleasantness promises to be so acute that we wonder if the President will regret not having displayed a "big stick" many months ago, before the tariff "ball of fat" assumed such grotesque proportions.

Pacific & Atlantic

LOS ANGELES WAS THEIR HOST

From Alaska to Chile and from Japan to Spain, market possibilities for United States products were sifted by business men gathered at the 17th National Foreign Trade Convention, May 21-24. Attending: (left to right) W. O. Ash, San Francisco; Fred C. Rogers, Panama; E. T. King, Washington; M. T. Houghton, Santiago, Chile; M. I. Bohan, Guatemala City, Guatemala; and H. E. Watkins, Venezuela

Is M. Briand Trying to Write One of Those Triangle Plots?

First Draft of "U. S. of Europe" Goes to Cast, But It May Have Too Many Prima Donnas

ARISTIDE BRIAND, statesman, who last September laid the cornerstone of the United States of Europe between the pear and the cheese at the luncheon during a session of the League of Nations assembly, has now started laying a few rows of bricks on the cornerstone. As then arranged, he has drawn up and submitted to the European governments what was originally intended to be a questionnaire designed to ascertain their attitude toward a European federation, but which turned out to be an exposition of Mr. Briand's ideas as to what such a federation should be and could do.

It is hard to make out definitely what these ideas are through the chiffon of French diplomatic verbiage in which they are dressed; but essentially the proposal is to establish among the European countries a kind of regional understanding, which Mr. Briand likens to the Monroe Doctrine, and which would make possible unified European action against any outside country or group which sought to interfere with the affairs of any European nation or to affect its interests adversely.

In other words, through it Europe could unite to the extent of preventing undue domination of European industries by outside capital or undue penetration of European markets by outside goods. The understanding would be managed, not by any super-government submerging the identities of the different countries, but by a kind of standing conference system, a small League of Nations within the larger one.

Answer in September

The governments are to indicate their response to this proposal at the September meeting of the League. So far it has had a rather cold reception in Europe but a lot of interest in the United States. Putting together the present world business situation, international trade conditions, our new tariff bill, and the foreign protests and retaliations against it, it is easy to construct the scenario of a thrilling movie in which the United States of Europe, the United States of America, and the British Empire have divided the world into three parts and are sitting on them scowling at each other. But there are so many rival political prima donnas in Europe and elsewhere that it will take a long time and cost a lot of money to produce an international drama of this kind. In the meantime, however, it will cause a lot of anxiety and increased difficulties for international trade all around.

Europe Shows Wide Range In Unemployment Totals

European Bureau The Business Week

UNEMPLOYMENT figures from Europe offer some striking contrasts. Gloomy as is the outlook in England, it is often interpreted over-pessimistically because it has continued over such a long period. Official total from London for May 5 is 1,712,000 wholly or partly unemployed.

End-of-April figure from Berlin is 2,800,000, more than one million above the figure one year ago. So rapid has been the increase in recent months the Labor Minister, Herr Stegerwald, is pushing a bill to revise existing social insurance legislation. Emergency relief has become an almost impossible drain on public funds.

Italy has not reported officially on unemployment since April, when the total was 383,000. Russia, with 11 million hired workers registered, reported, on February 1, unemployment of 1,235,000, a drop from the high of 1,656,000 in February, 1929.

France, until May, had almost no unemployment, was absorbing some foreign labor. At the end of April, 1203 persons were registered as out of work.

World Nitrogen Agreement Still in Formative Stage

European Bureau The Business Week

LITTLE progress was made this week in formation of a world nitrogen agreement between synthetic and natural producers. Latest information from correspondents of *The Business Week* in France, England and Germany report that no tangible results have yet been accomplished.

Wide World

GEORGE E. ROBERTS

The vice-president of the National City Bank has just been appointed to the "gold board" of the League of Nations, which is studying the effect of fluctuations on commodity prices

The previous one-year uniform price agreement between I. G. Farbenindustrie, Imperial Chemical (both synthetic) and the Chileans (natural) is nearing an end. Renewal, in view of the recently-organized cartel of German synthetic producers, might possibly act as a basis for a general agreement between national combines and groups of leading producers. Three groups are in the offing: the Germans, English and Norwegians; the Chileans, both those allied for some time and the new organization sponsored by the Chilean government (*The Business Week*, May 21); the French, Dutch and other miscellaneous producers in Europe.

Informed opinion in Germany is skeptical as to the outcome of a world agreement between the natural and synthetic groups. It is believed that the Chileans (natural) are prepared to stake their new organization in a price war with synthetic producers unless they are accorded the whip hand in any world agreement formed.

Coke-Oven Gas Widens Market in Germany

European Bureau The Business Week

The use of byproduct coke-oven gas is spreading in Germany. Ruhr Gas A.G., controlled by large coal mining companies in the Ruhr district, is already supplying the cities of Dusseldorf and Hanover, both near the 400,000 population class. The company now is offering to supply Frankfort and Cologne at a cost of 23 cents a cubic foot. The company is also studying plans to extend gas lines to Berlin.

American Shares in World Bank Will Go to 100 Banks Here

AMERICAN stock in the Bank for International Settlements, opened officially this week at Basle, will be held by about 100 banks. The shares will be priced at less than $500, so that no bank will contribute any large amount. This wide distribution will go far toward stimulating American interest in and cooperation with the new world institution. It will also undermine the criticism that everything coming this way from the Bank is coming to the firm of J. P. Morgan. However, voting power for the shares will be in Morgan hands if, as expected, that house is designated American agent.

Bonds Before June 6

The reparations bond issue will be brought out by the bank before June 6. Britain's aloofness, her refusal to spend more for bonds than the total of her proceeds, has delayed progress. Total proceeds to the bank being fixed at $300,000,000, the actual issue will be above this figure as the offering will be below par. The American share is pretty certain to be around $90,000,000. A 5½% rate is expected, accompanied by an issue price of from 90 to 92. The wide distribution of shares should help to facilitate the bond sale.

The Reparations Commission, operating under the Dawes plan, ceased to exist this week, turning its funds over to the Bank. S. Parker Gilbert, for some years Agent General of Reparations, thus is out of a job, but best guesses have it he will not be among the unemployed for long. The last act under his regime was the burning of $37,000,000,000 of so-called German obligations, which, however, few ever believed could be collected, because of their exorbitance.

French shares for the World Bank were offered publicly this week, and over-subscribed 158 times. This popularity of the shares encourages belief that the French portion of the bonds will be easily sold. France's share will total about the same as that of the United States. French troops are withdrawing from the Rhineland as the "final liquidation of the war" begins at Basle. The last poilu is due to be out by June 30.

Armco Acquires Big Scrap User

PURCHASE by The American Rolling Mill Co. of Sheffield Steel Corp. will make the former one of the largest users of scrap iron in the country—a position which Sheffield has formerly held. Combination of the companies will add to Armco products merchant bars, billet and rail steel, reinforcing bars, bolts, nuts, rivets, spikes, tie plates, oil field and railroad forgings, bar iron, barbed wire, and nails. Sheffield has plants at East Kansas City, Mo., consisting of two blue annealing furnaces, 4 open hearth furnaces, a bar-iron mill and rerolling mill, nut and forging works, a wire mill, bar and rod mill, and blooming mill. Capacity of the plants is about 200,000 tons annually.

International News

DR. ERNST HUELSE

ermany's man in the Bank for International Settlements. As assistant managing director, he will have charge of the banking department

Public Goes to Air Shows But Doesn't Buy Planes

AIRCRAFT leaders are doing some tall thinking on the subject of aviation shows. After the 3 major exhibitions held so far this year (St. Louis, Detroit, New York), some are saying that, although shows are of sales value, there are too many of them; others, that, since they are of great educational value, there should be more of them. Nearly all admit, from results of the 3 shows, that the exhibitor in an event of this kind demonstrates to the public with one hand and buys from and sells to his aircraft neighbor with the other.

Sales at St. Louis (Feb. 15-22) amounted to $2,500,000; at Detroit (April 5-13), to $1,500,000; at New York (May 3-11), $750,000. Observers see evidence in this that the aircraft industry does its purchasing at the beginning of the year; that the public pays its 50 cents, takes a good look, gains some first-hand knowledge, and walks away with purse strings tied.

The situation is summed up by *Aviation* this week as follows: "At present an aircraft show is of educational value to the public, and of promotional and advertising value to exhibitors. What financial value it has for exhibitors is gauged by the purchases of brother members of the industry, and figures indicate that this purchasing power is greatest at the beginning of the year."

New Color Scheme May Reduce Style Wastes

THE first attempt ever made to coordinate colors of women's wearing apparel has been undertaken by the Color Coordination Committee of the National Retail Dry Goods Association, in cooperation with the Textile Color Card Association.

This committee, representing leading

retail organizations whose memberships total over a billion dollars' worth of retail sales, recently selected as "basic color paths" for the approaching fall season manila brown, cricket green, rubytone, and admiralty blue. To bring about a maximum of cooperation in ensemble merchandising, these colors were chosen to follow and key into the colors selected by the Associated Dress Industries of America, the Allied Millinery Associations, the Tanners' Council of America, the National Boot and Shoe Manufacturers' Association, The National Shoe Retailers' Association, and the National Association of Hosiery and Underwear Manufacturers.

Beside facilitating wholesale and retail ensemble trade, it is hoped that the new "common color language" will eliminate much of the frightful waste in the dyeing up of useless colors by manufacturers.

International News

THE ORIENTE IS CHRISTENED

The Ward Line's new ship for the New York-Havana run receives its name at the hands of Miss Virginia Hoyt, daughter of Richard F. Hoyt of Hayden, Stone & Co., prominent shipping, cement, and aviation figure

A Bargain's a Bargain Upstairs or Down

A $1.39 man's shirt put on sale by a department store goes equally well in proportion to volume of shoppers whether it is displayed upstairs or in the bargain basement. L. Bamberger & Co. of Newark, finding this out by offering the shirt in simultaneous experimental sales, one in the regular furnishings department, where $1.95 had been the previous low limit on shirts, and the other in the basement, concludes that even upstairs buyers are now looking for merchandise at lower-than-usual prices.

Chains Hang Heavy On Department Stores

DEPARTMENT stores today handle about 15% of the country's total retail trade, while chain stores transact 16%, according to recent estimates by Dominick & Dominick, investment bankers and brokers.

The department store proportion has varied but little in the past decade, but that of the chains has jumped from 4% in the last 8 years.

Expenses of department store operation have risen in relation to sales, while profits have declined, according to figures compiled by the Harvard Bureau of Business Research. In 1923, department store expenses were 29.4%, with profit 3.6% of net sales; in 1928, expenses were 31.7% and profits, 1.5%. Increased expenditures centered in salaries and wages.

The attempt to emulate chains is singled out by Dominick & Dominick as the chief cause of this change. In 1927, 189 department stores operated branches totalling 2,489. By 1928, 501 stores were operating 5,516 units. Profits from these chain department stores, however, fell 4% in that same year of expansion, and sales decreased 2.5%, while sales of independent department stores rose 1% and showed a slight increase in profits. Although the chains gross margin of profit was larger, expenses were also heavier, resulting in lower net profits.

Conclusions are: that chain department stores have not been able to realize chain store buying economies and management advantages; that individual management, free delivery, credit business, and the selective buying which are the essence of department store service are not compatible with chain organization.

Sinclair Bought Pierce For Market Outlets

WITH the acquisition of Pierce Petroleum Corp. by Sinclair Consolidated Oil Corp., one of the oldest and most picturesque of the oil companies passes from individual existence. Established in 1856 under the name John R. Finlay & Co., the Pierce organization has been distributing petroleum products ever since the first commercial well was driven in Pennsylvania in 1859 by Col. E. L. Drake. The first tank wagon ever used in delivering petroleum to retailers is said to have been introduced by the company in St. Louis.

Since its early beginnings the company has passed through many changes of name; its present corporate existence dates from 1924. For years it was associated with Standard Oil, and at the dissolution of the trust Standard owned nearly 70% of Pierce stock. While Pierce owns several thousand acres of prospective oil lands in the United States and Mexico, it is not producing at present. It owns 5 refineries, only 2 of which are active. Its chief contribution to the Sinclair organization will be in distribution facilities. Pierce owns some 700 bulk distributing plants, 970 retail establishments in the United States and 183 in Mexico; 1,100 tank cars; 400 miles of pipe lines.

These facilities, added to those already owned by the $400,000,000 Sinclair group, will give the latter distribution in 85 of the 100 chief markets of the country and will permit Sinclair to sell gasoline actively in all but the Pacific Coast states. Sinclair is one of the largest oil enterprises outside the Standard group. It comprises a complete unit within the industry; owns oil and gas producers operating in United States, Mexico, and other countries; has comprehensive refining, tank car, pipe line, storage, ocean transportation, and marketing facilities.

Standard Applies an Old Remedy To California Production Fever

THE failure of Santa Fe Springs operators to agree to the oil conservation program accepted by operators in other California fields has caused Standard Oil Co. of California to announce reductions from 75 to 90 cents per barrel in the prices it will pay for light crudes produced in that district. This cut is exceptionally drastic; it brings prices of some crudes down to 50 cents per barrel; former average price has been about $1.50.

Santa Fe Springs is the largest California field. Its pro rata share of the state's daily output allowance by the conservation plan is 104,700; average output of the field is about 135,000 barrels. In this move to enforce curtailment by price cuts Standard of California is acting as it did last fall in a similar situation. Drastic price cuts at that time brought about the desired curtailment of crude production, after which prices were returned to former levels.

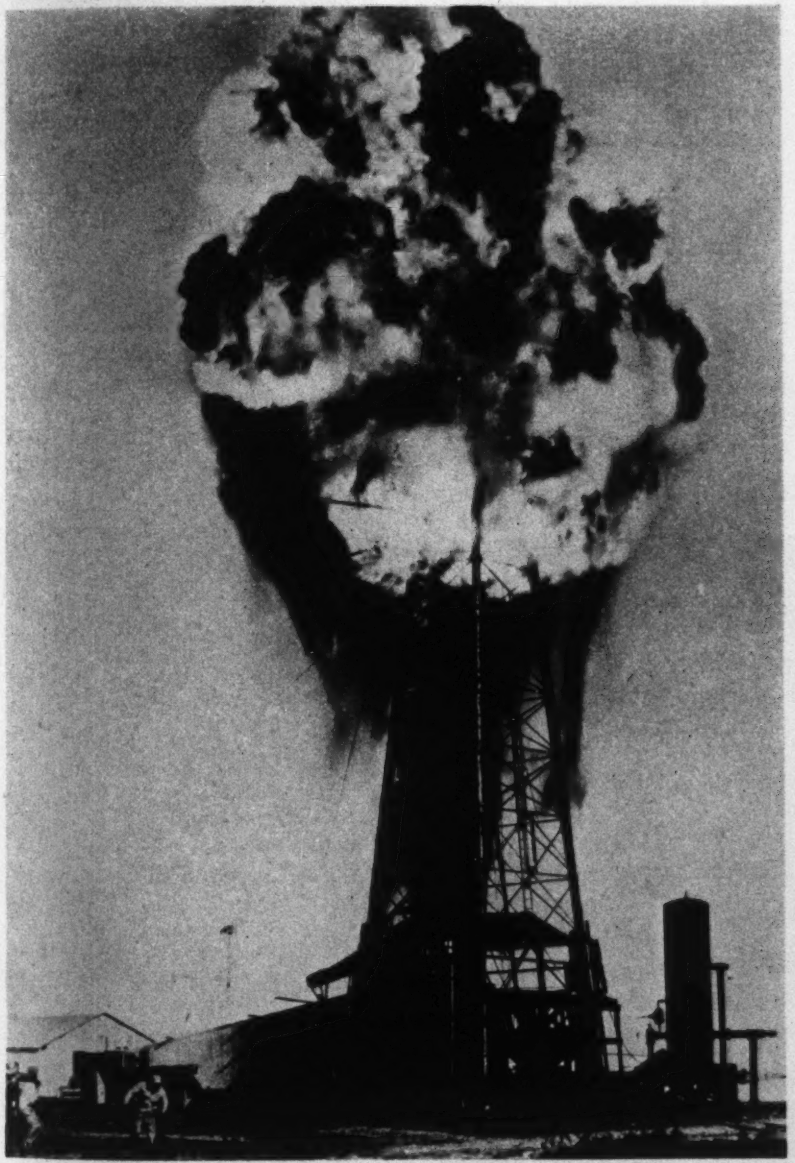
While California stocks of gasoline and fuel oils have been declining during recent months, there are still vast stores of the latter. During the past 2 years, over 17,000,000 barrels of heavy crude and fuel oils have been added to the nation's stocks. California's share in this increase has come chiefly by the failure of producing companies to install cracking equipment. They have been skimming the gasoline cream from their crudes and running fuel oil to storage. Five cracking plants are now being planned for this district, which may relieve the situation soon.

596,000 Barrels Daily

With the exception of some Santa Fe Springs operators, the remainder of the California industry is supporting a daily allowance of 596,000 barrels.

Six of seven major marketing companies sold from 2% to 29% less gasoline in the first quarter of 1930 than in the similar period of 1929. Four so-called independents showed gains in sales of 118%, 109%, 100%, and 92% with only two of these second-line companies reporting any loss of business at all, says *Petroleum World & Oil Age*.

Discussing the entire oil situation in the *National Petroleum News*, Ray M. Collins, Oklahoma's proration umpire and a member of Secretary Wilbur's oil economics committee, says that national proration is inevitable, with or without a price cut. He suggests that it is better to curtail crude output, thus permitting prices to be maintained, than to depend upon normal supply and demand influences which are sure to break down the present price structure in obtaining an equilibrium.



Underwood & Underwood

FIRE IN THE OIL FIELDS

A most unusual picture of a Texas well just as it burst into flames. The photographer was ready to catch a gusher being "shot" with nitroglycerin when a rock, blown up with the gas, struck the steel of the derrick and touched it off. He got his picture just after the fire started and before it sped down along the column of oil. At the left, the drill men run for their lives

Will Have Weekly Check On Gasoline Output

THE AMERICAN PETROLEUM INSTITUTE is going to assemble and report weekly figures showing the amount of "cracked" gasoline produced and the stocks of gasoline in storage at bulk terminals and in water-borne transit.

Reports on "cracked" gasoline production will enable the industry and others to ascertain the weekly position of supply in advance of the monthly report from the U. S. Bureau of Mines.

A. B. A. Committees Speak Out On Ticklish Financial Points

RECOMMENDATIONS which may lead the American Bankers Association to take some definite stand on controversial financial questions have been made by important study committees of the association. Cleveland may see fireworks at the convention in September.

Finance and instalment companies, security dealers, and personal finance companies were hit by the report this week of the Economic Policy Commission on eligibility rules governing Federal Reserve rediscounting. They have agitated for more liberal Federal Reserve rules to make their paper eligible for rediscount, and even the committee admits that, due to present financial conditions, they have a plausible case. But then it says:

Fear Effect of Change

"We question whether the sound remedy is to be found in easier eligibility." Such changes "may tend to make our reserve credit structure less liquid, throw its workings out of step with the fundamental business changes, and also increase the task of preventing the Federal Reserve System from being employed as a facility to inflation."

Present rules make commercial paper, bankers' acceptances and government securities eligible for rediscount. Inclusion of government securities in this list is an anomaly, resulting from wartime needs. The theory is that such paper should be self-liquidating. Now Secretary Mellon is rapidly reducing the public debt, volume of commercial paper is far below the total of a few years ago and, while acceptances have increased in volume, the yield on them is so low that the banks can hardly afford to carry a large volume, many say (*The Business Week*, March 5).

Eligible Paper Shrinks

The result is a smaller volume of eligible paper. Though only about 10% of the total now is used for rediscounting, the uneven distribution of this paper among banks results in virtual disenfranchisement of some institutions. Too, banks are more apt to make loans that can be passed on to the Federal Reserve in time of stress. Hence the desire of the many groups to have their paper eligible.

The commission concludes that changes now taking place may solve the problem. The recent sharp rise in volume of commercial paper outstanding is most important in this connection (*The Business Week*, May 21).

Another important report recommends gearing of the issuance of new securities to the capital available for their purchase. The committee, headed by Fred I. Kent, links issuance of new securities faster than the public can absorb them with overproduction and tariff uncertainty as a cause of recession.

For Brake on Issues

Form a competent committee to study the money market, the bankers are advised. This committee would advise investment bankers as to the ability of the market to absorb securities, and attempt to put on the brakes when needed.

On branch banking, the A. B. A. is indulging in the same careful sidestepping which marked the bankers' convention at San Francisco last fall. Its latest report expresses doubts that unlimited branch banking in trade areas will find wide banking support, but suggests that bankers may be forced to modify their traditional antipathy toward branches. The feeling grows, however, that the association shortly must take some definite stand.

Acme

THOMAS W. LAMONT

The financier arrives on the Mauretania after a business trip to London

International News

LAYING THE KEEL

Reviving a ceremony of clipper-ship days, Lieutenant-Governor Youngman of Massachusetts and Mayor Curley of Boston drive a rivet—made with iron from the old Constitution—in the keel of the new Matson liner. The first of two ships for the Australian trade, it will be 632 feet long, capable of 32 knots

Savings Banks Are Restive Under Legal Restrictions

THE growing competition between commercial banks and savings banks was sharply emphasized this week when the annual convention of the National Association of Mutual Savings Banks—

Approved: Steps to gain legislative permission for the establishment of branches with at least as much latitude as is accorded to commercial banks; mergers and consolidations among savings institutions to increase efficiency of operation; removal of restrictions as to size of deposits wherever such restrictions exist.

Considered: The revolutionary step of carrying small checking accounts and making small loans to depositors; the granting of trust powers, at least within some limits, to savings banks; the segregation of savings deposits in commercial banks.

The resolution on the last-named subject, which was tabled, touches on a sore point. Investment of deposits by savings institutions is very sharply restricted by law. Commercial banks, in many cases, face no such restrictions. Many savings bankers want savings deposits in commercial banks segregated so similar restrictions can be applied to them. The convention decided to await action by the American Bankers Association, which is studying the question.

A committee of 5 appointed by the convention will investigate the desirability of savings bank membership in the Federal Reserve system. Since savings bank investments are usually mortgages or other long-term instruments, times of stress find these banks in a non-liquid position—sometimes an embarrassing one, as several found last fall. But relief through membership in the Reserve system entails acceptance of Reserve requirements that a certain percentage of deposits be kept with the system without interest, and some of the bankers don't like that.

Pennsylvania Banks To Be Nucleus of Super-Group

ANOTHER huge grouping of banks is in process, put together by two New York financial houses, helped out by the interest in merger possibilities shown by unit bankers in some sections. Organization will be by bank holding companies in several states, tied together in turn by a super-holding company. Resources may reach a billion dollars.

August Belmont & Co. and Pomeroy & Salmon of New York are behind the new organization, the first unit of which is reported in process of formation in western Pennsylvania, where between 40 and 50 banks with resources of nearly $400 millions may be linked together. An organization meeting will probably be held in Pittsburgh within a few weeks.

Realization of the aspirations ascribed to those active in the plan would make their new group second in resources controlled only to the Transamerica Company, holding company for the Giannini interests. In units controlled it would be second only to two Northwest groups centering in Minneapolis-St. Paul. Organization is said to have been going on for the last 2 years.

LOS ANGEL
LIMITE

Pacific & Atlantic

LIFE INSURANCE OFFICIALS IN LOS ANGELES

Frederick H. Ecker (right) president of the Metropolitan, and Francis O. Ayers, vice-president, arrive in Los Angeles in their country-wide tour

Missouri Banks Caught In New Tax Ruling

MISSOURI banks face the likelihood of paying higher taxes. The State Board of Equalization has ruled that some assets of 14 St. Louis banks and trust companies, heretofore held tax-free, are not exempt after all. The situation:

Under Missouri laws, banks are taxed on capital, surplus, and undivided profits. However, a former court ruling had held that investments in stocks of other corporations were tax-exempt, on the theory that to tax them as investments would be double taxation.

Since then, most banks are reported to have formed separate corporations to handle investments, placing large sums in these. The holding companies have then invested funds in government bonds and other tax-exempts, thus avoiding payment of state and local taxes.

Officials contend that funds invested in such corporations should be taxed, because elements of double taxation are not present. They say the banks have cut their tax bills to half what they should pay. But the banks may ask the courts about it.

New England Shoes Are Not Slipping

CONTRARY to generally prevalent opinion, New England is not falling by the wayside as a source of shoes. The Department of Commerce recently reported that, of the 361 million pairs of shoes made in the United States during 1929, 123 million or 34% came from New England. In 1928, New England's proportionate output was 35%; in 1927, 1926, 1925 it was 33%.

House Drops Couzens Resolution; Fifth of Roads Now in Mergers

FOLLOWING unexpected passage by the Senate this week of the Couzens resolution suspending authority of the Interstate Commerce Commission to approve railroad consolidations until March 4, 1931, and making it unlawful for rail holding companies to obtain further control of carriers and prevent exercise by them of present control, discussion in rail circles revolved around (1) the chances of favorable action by the House, (2) the actual intent of the resolution.

House leaders answered the first question on Thursday when they declared that no action on the resolution would be taken at this session. Senator Couzens' object in presenting the measure was first, to check operations of holding companies and, second, to halt the proposed merger of the Great Northern and Northern Pacific. The Senator, it is pointed out, has stated that the resolution was not intended to break up such holding companies as the Van Sweringens' Alleghany Corporation or the Pennsylvania's Pennroad, but was intended to call a halt on whatever "influence" these companies exert over rail control until Congress enacts legislation affecting them.

Many Mergers Already

Meanwhile, amid all the din about the Couzens' resolution and the I. C. C. merger plan, the "oldsters" are pointing out that, of the 250,000 miles of railroad in the country, one-fifth has already been merged.

Principal mergers include: Alabama & Vicksburg with Illinois Central; Vicksburg, Shreveport & Pacific with Illinois Central; Ann Arbor with Wabash; Atlanta, Birmingham & Atlantic with Atlantic Coast Line; Carolina, Clinchfield & Ohio with Atlantic Coast Line; Chicago, Terre Haute & Eastern with Chicago, Milwaukee & St. Paul; Cincinnati, Indianapolis & Western with Baltimore & Ohio; El Paso Southwestern with Southern Pacific; Georgia, Florida & Alabama with Southern Pacific; Gulf & Ship Island with Illinois Central; Gulf Coast Lines with Missouri Pacific; International Great Northern with Missouri Pacific; Kansas City, Mexico & Orient with Santa Fe; Lake Erie & Western with Nickel Plate; Pere Marquette with Chesapeake & Ohio; San Antonio, Uvalde & Gulf with Missouri Pacific; Texas & Pacific with Missouri Pacific; Toledo, St. Louis & Western with Nickel Plate.

To this should be added acquisition by the Van Sweringens of such roads as the Chicago & Eastern Illinois and Missouri Pacific and others listed on the opposite page. It is generally understood, also, that the Pennsylvania, through the Pennroad Company, has Henry Ford's famous Detroit, Toledo & Ironton, and the Pittsburg & West Virginia; has acquired a controlling interest in the New York, New Haven & Hartford and Boston & Maine.

Copper for Export Sells at Record Rate

AT prevailing prices for copper—13.30c. a pound, regular European destinations—foreign buyers are taking all of the metal available under the allotment plan of Copper Exporters, Inc., which is an agreement among copper producers designed to stabilize world consumption. From present indications, the export sales for the month of May will exceed the previous high record by a wide margin. Sales abroad in the first three weeks of May totaled 90,850 long tons, which compares with 91,273 long tons, the high mark for a single month set in May, 1928.

European buyers, who objected more vociferously to the 18-cent level than domestic consumers, allowed their reserves of copper to shrink to near the vanishing point while it was in effect. At current prices, however, they want to stock up heavily as protection against any future attempt to advance prices to unreasonable heights.

German manufacturers of copper products have sent a protest to New York against the policy of rationing copper sales at Brussels. Germany has been allotted a quota of about 4,000 tons daily, which is termed entirely insufficient by manufacturers who desire to build up stocks now that copper is cheap. They say that if the present policy is continued, the market may pass through the same gyrations as in the spring of 1929, with disastrous results to all concerned. The exporters' organization, on the other hand, maintains that rationing of sales is necessary to prevent wild speculation in the metal.

Pacific & Atlantic

RAILROADER

Arthur Curtiss James, and cigar, at the inauguration of Great Northern's "Empire Builder." Largest individual railroad stockholder, he blocks Van Sweringen plans for a transcontinental system by his desire to develop Western Pacific himself

Not Spelled that Way

AMBROSE SWASEY, surviving founder of Warner & Swasey, whose 50th anniversary was noted in the May 21 issue of *The Business Week*, pronounces his name with a "z" as it appeared in that issue but never spells it that way.

Van Sweringens' March to Coast Halted by Arthur Curtiss James

Morgan Interests Face Rockefeller Money At Western End of Transcontinental Line

Two points stand out in current railroad discussions of the Van Sweringens' announced desire to include Western Pacific and Denver & Rio Grande Western in their Missouri Pacific system, control of which they assumed last week:

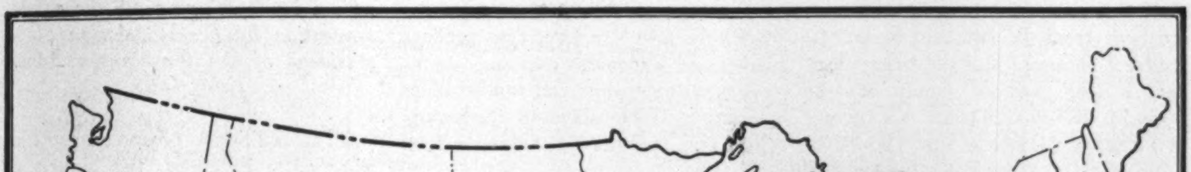
(1) For the first time the brothers allowed their intentions to become public knowledge far in advance of consummation. (2) There is hard sledding ahead of them against the opposition of Arthur Curtiss James (50% owner of W. P.) which he voiced in no uncertain terms last week in these words: "I have no intention of selling. In fact, selling would be directly contrary to the reason I bought in the first place. That reason was to develop the Western Pacific." There is little doubt that a tussle is ahead with the Brothers Van Sweringen ranged on one side backed by Morgan interests, and Mr. James, veteran merger of railroads, allied with Rockefeller money, on the other.

Meanwhile, control of the Missouri Pacific by the Van Sweringens adds an important link to what may become the greatest rail system ever amassed under one private banner. With W. P. and D. & R. G. W. included, a transcontinental system under single control would become a reality. At present, the Van Sweringen group reaches from tidewater ports of New York and Newport News, taps the bituminous coal fields of West Virginia and Kentucky and the anthracite fields of Pennsylvania, with outlets at such Great Lake ports as Buffalo, Cleveland, Toledo, Detroit, and Chicago. It traverses the industrial Middle West and sweeps southwesterly through Arkansas and Texas, westward through Missouri and Kansas to Colorado.

With some 11,000 miles of line under their jurisdiction, the energetic Cleveland brothers, in acquiring the Missouri Pacific, last week added, at one stroke, another 11,000 miles of road. There is the Chesapeake & Ohio (2,735 miles), the Pere Marquette (2,244), the Erie (2,316), the Nickel Plate (1,690), the Wheeling & Lake Erie (511), the Chicago & Eastern Illinois (945), and now the Missouri Pacific which, in turn, owns a half interest in the 2,500-mile Denver & Rio Grande Western.

The new ownership of Mo. P. severs such affiliations as the joint directorship of William H. Williams on the board of that road and the Wabash may have effected. Henceforth, it is apparent, Mo. P. will seek to bolster the Clover Leaf Line of the Van Sweringens, from St. Louis to Toledo.

Missouri Pacific already moves large volumes of passenger and freight


San Francisco
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Kansas City
St. Louis
Fort Smith
Texarkana
Ft. Worth
Shreveport
Alexandria
San Antonio
Galveston
Laredo
Brownsville
Baton Rouge
New Orleans
Memphis
Cairo
Evansville
Louisville
Cincinnati
CHICAGO
Bay View
Port Huron
Detroit
Toledo
Cleveland
Buffalo
Syracuse
Scranton
NEW YORK
Zanesville
Columbus
Old Point Comfort
Lynchburg
Lines directly controlled by Van Sweringens
Links needed to complete transcontinental line

A TRANSCONTINENTAL SYSTEM FOR THE VAN SWERINGENS?

If it comes to pass it will probably look like this. Present interests include Nickel Plate, Chesapeake & Ohio, Erie, Pere Marquette, Chicago & Eastern Illinois, Missouri Pacific. Yet needed are Western Pacific and Denver & Rio Grande Western, a half interest of which is already held by Missouri Pacific traffic over the lines of W. P. and D. & R. G. W., so that control of these two roads would by no means be unnatural. If Arthur Curtiss James wins Interstate Commerce Commission approval for a connecting link between W. P. and Great Northern, paralleling Southern Pacific northward to Oregon, Van Sweringen acquisition of W. P. from him would be practically out of the question for the present, at least. I. C. C. is now considering just such a proposal. Should the commission's approval not be forthcoming, however, the Cleveland brothers' objective (New York-San Francisco line) might be gained.

Speculation is already rife as to what direction the Van Sweringen enterprise will take next. Some observers feel that the Seaboard Air Line might draw their interest, while others believe that New England offers a field for battles with those giants of the railroad world, New York Central and Pennsylvania.

Clevelanders on Mo. P. Board

On the board of the Missouri Pacific go old friends of the Van Sweringens and representatives of old Cleveland fortunes.

Alva Bradley and John Sherwin, Jr., are both from the Midland Bank. G. Ashley Tomlinson, Midland board member, is from an old family of lake shippers. Henry G. Dalton is a partner in Pickands, Mather & Co. Darwin S. Barrett, Jr. started business as a surveyor for O. P. Van Sweringen when the latter was laying out suburban lots, later became his secretary, then secretary to railroad corporations. Col. Leonard P. Ayres, statistician, is largely responsible for the Van Sweringens going into Mo. P. He has been directing the statistical work of the brothers for several years. When the Mo. P. came up as a proposition, it was Col. Ayres who made the survey to discover possibilities. When his preliminary study resulted in a favorable report, the Cleveland brothers decided to conduct the most thorough investigation a railroad ever had. Then came quick action in the Van Sweringen manner.

Van Sweringens Busy On Terminal Development

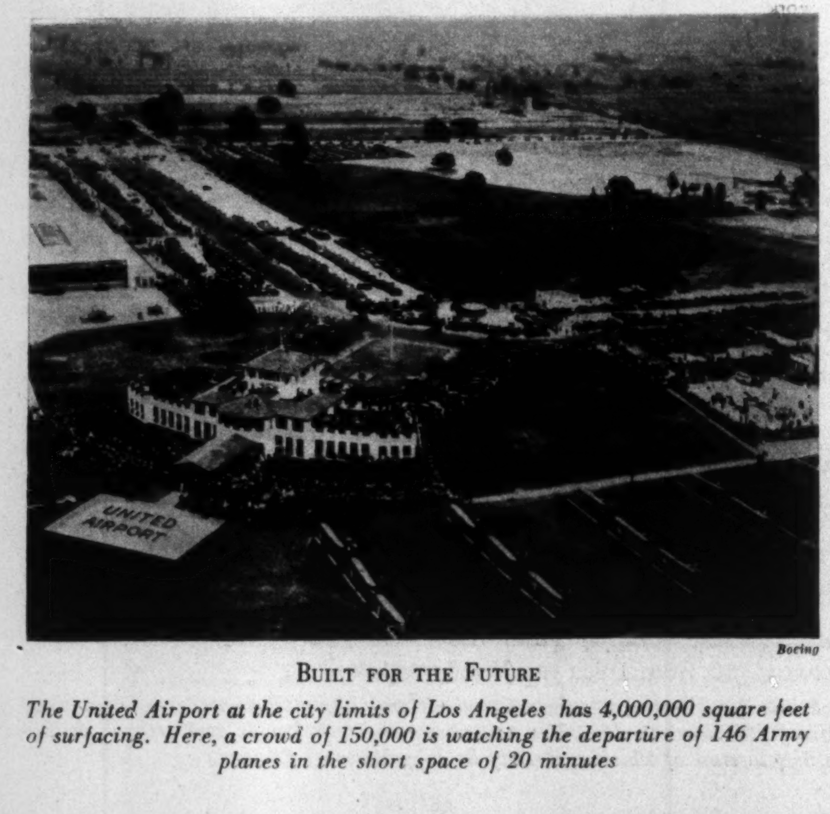
THE $80,000,000 Union Terminal the Van Sweringens are building in Cleveland for New York Central and Nickel Plate nears completion (formal dedication in June or July), and the brothers direct their energies to the development of air rights over the station and its yards. These, excluding streets, amount to 22 acres in the present terminal district and are capable of great extension toward the new Van Sweringen produce market and warehouse section.

A department store and another office building will be added to the group, which now includes a 1,000-room hotel (with an addition in prospect), and four other office buildings, the highest of 52 stories.

Underwood & Underwood

C. C. YOUNGGREEN

The president of the Advertising Federation of America is greeted on his arrival in Washington for the annual convention by Ernest Johnson (left) president of the Washington Advertising Club



Boeing

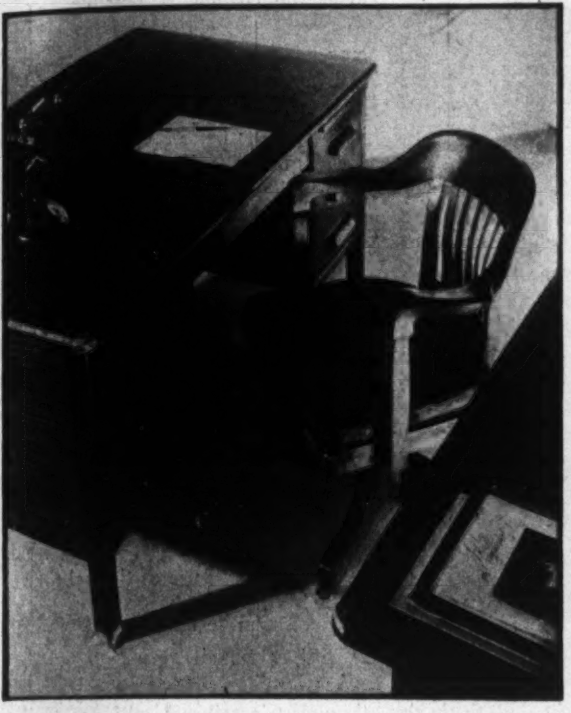
BUILT FOR THE FUTURE

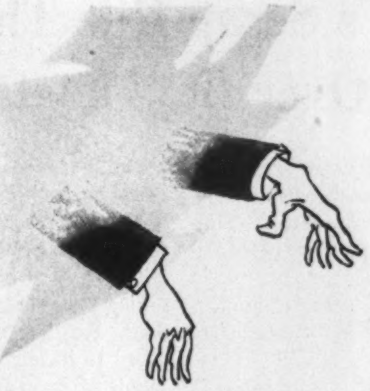
The United Airport at the city limits of Los Angeles has 4,000,000 square feet of surfacing. Here, a crowd of 150,000 is watching the departure of 146 Army planes in the short space of 20 minutes

To bring traffic into the new group the Van Sweringens are launching upon a rapid transit program for the suburbs, using mainly railroad rights of way. On the day they brought out their note issue they assumed active management of the $40,000,000 Cleveland Railway Co., control of which they now hold.

Tracks Off Surface

Street car tracks are to be taken off the surface and looped beneath or adjacent to the basements of the new mercantile buildings. To do this the hotel will be picked up and set on stilts, at a cost of more than a million. A motor coach system is proposed in conjunction with the street car lines to bring traffic to the area from the suburbs not reached by rapid transit, and Van Sweringen associates recently went on the board of The White Company, which makes motor coaches. A high speed avenue, with cross traffic overpassed, is under way to connect the new business district with the 4,000-acre Van Sweringen residential subdivision.





FUMBLING FINGERS INSPIRED THIS....

the desk that dared to be different

NERVOUSLY fingers pawed the papers . . . grabbing for this, discarding that. Files littered the desk-tops and half-open drawers bulged with fat folders. Needed facts seemed to fight and do battle unsuccessfully with papers that could have long since died.

Then came the plan, to build a desk that by its design would once and for all clear those desk-tops for action. A self-contained desk, organized for a better day's work.

Thus was born the Skyscraper Desk . . . inspired by fumbling fingers . . . but planned, designed and built by engineers to whom business problems have been major problems for more than thirty years.

And what a desk it is . . . innovations, radically new departures . . . seem to snap out at every slide of the drawer. For there's a drawer to serve as a waste basket. Another holds the flat-type telephone, for this desk is wired like a radio. Other nimble drawers hold files and card indexes, arranged and fitted to the owner's individual needs. Ready at all times to serve as reminders, at your elbows to take the guess out of decisions.

Special trays for incoming mail, outgoing letters and matters that are pending. Not an inch is wasted and not a section crowded. False starts and waste motion, like waste space and confusion, have been done away with.

Always the clean, smooth, warm, wear-proof top . . . it's the only one like it in the world . . . is clear. Stripped for action. Cleared for work. Inviting new tasks to be done, pointing a finger at workers who tarry or those who are overburdened. Those who work at Skyscraper Desks follow an established routine, they do better work, quicker, with less fatigue, with fewer errors and minus those weary five-o'clock hours.

There is a complete line of Skyscraper Desks for your business, from the Information Clerk to the Sales Manager . . . from File Girl to Central Stenographic. Priced right too, organized for departments and for particular businesses. Be sure to buy no desk until you've seen the Skyscraper . . . the desk inspired by fumbling fingers.

"Built Like a Skyscraper"

SHAW-WALKER COMPANY BW
Box No. 185, *Muskegon, Mich.*

Without obligation in any way send me your illustrated catalogue of the new Skyscraper Desk.

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SHAW-WALKER

LARGEST EXCLUSIVE MAKERS OF OFFICE EQUIPMENT IN THE WORLD

Branches and Dealers in all Principal Cities

Industry's Scrap Pile Throws Shadow Over the Metal Market

ATTEMPTS at stabilization of mineral raw materials have not been successful, according to J. W. Furness, chief, Mineral Division, Department of Commerce, because producers of virgin metals have not given proper consideration to the influence of secondary metals.

In the recent drop in copper prices (*The Business Week,* April 23)—the latest step in bringing the general level of metal prices to the lowest point in 8 years—the increasing amount of reclaimed copper played an important part. Production of primary copper in the United States in 1928 was 935,000 tons. During this same period about 625,000 tons of copper and its alloys were reclaimed. The importance of this amount of secondary metal upon the price of virgin copper is obvious.

Battery Grids Re-used

Lead offers another interesting example. With the expansion of the automobile and radio businesses the lead mining industry was called upon for ever-increasing amounts of lead. Now, however, 95% recovery of lead from old battery grids supplied, in 1928, 62% of the 210,000 tons required by battery manufacturers.

During 1928, the value of nonferrous metals recovered in the United States was nearly $278 millions, an increase of $21,000,000 over 1927. Recovery last year is expected to show a proportionate increase over 1928. Due not only to high prices of virgin metals during recent years, but also to increased interest in waste elimination, an ever-increasing amount of metals is being recovered for use in substitution for virgin metals. Mr. Furness maintains that a study of the origin, flow, and distribution of secondary metals and their influence upon the markets for virgin metals is essential to a successful stabilization program.

New sources of supply for secondary metals are developing almost daily as more and more industries are either installing equipment to reclaim their own scrap metals or are arranging to dispose of their scrap to metal converters. Recent activities of the Ford Motor Co., reported in *The Business Week* (March 19 and April 30), in organized recovery of scrap automobiles may be the start of a development having profound effects upon the markets for iron, steel, nickel, and various other metals.

Most of the larger metal-working concerns now make definite efforts to utilize, reclaim or salvage all scrap resulting from their manufacturing operations. Smaller concerns, which cannot afford to handle this work, and whose supply of scrap is too small to interest any but retail junk collectors, have not been so successful.

With increasing attention being given to salvaging, it seems likely that scrap from even the smallest concerns can go back into the market.

Coca Cola Not "At Home" To Georgia Tax Collector

COCA COLA doesn't want to pay the state of Georgia income tax on the business that it does in other states. Georgia's new Boykin income tax law, recently upheld by the Supreme Court, provides that corporations domesticated in Georgia must do so. So Coca Cola, pride of Atlanta, is going to move—or dissolve its Georgia domestication.

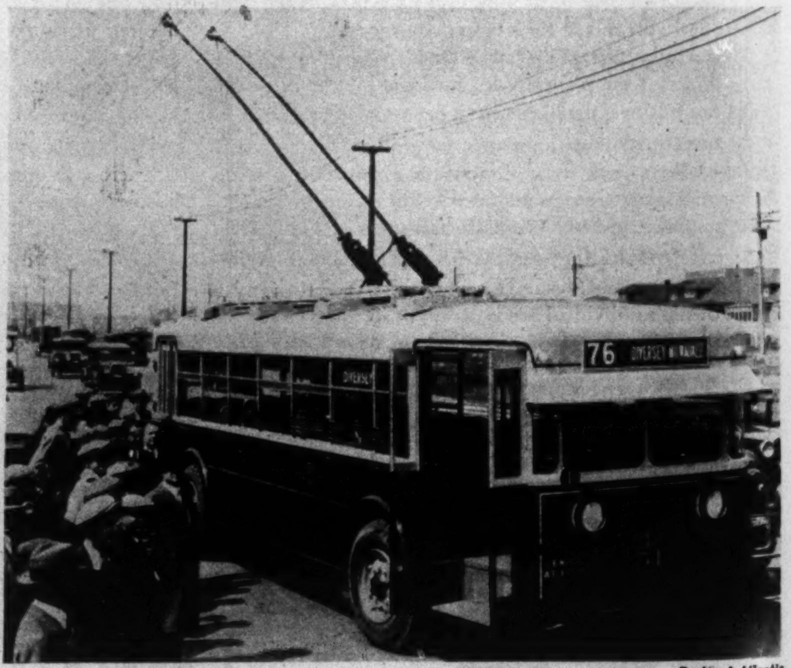
The concern is incorporated in Delaware, with headquarters in Atlanta. Under the change, if possible, headquarters will remain in Atlanta, and the "move" will be one of the numerous legal fictions in which corporations frequently find it profitable to engage. Since estimates place the saving at near a half million dollars, the change is worth while. Coca Cola's gross income in 1929 was $36,260,000, giving a net income of $12,758,000.

Chicago Order Is Boost For "Trackless Trolleys"

TRANSPORTATION men see significance in purchase of 41 trolley buses by Chicago Surface Lines, announced this week. Vehicles will be used on 5 "feeder" routes in the northwest section.

Some observers believe that the Chicago installation, largest of its kind, presages extensive use of the hybrid vehicle which, although obtaining power from overhead trolleys, is not a street car and, although operating without tracks on rubber tires, is not a bus; that other electric railways will use trolley buses increasingly for service in outlying districts where traffic is not heavy enough to support track extensions; that operating costs are less than for the motor bus.

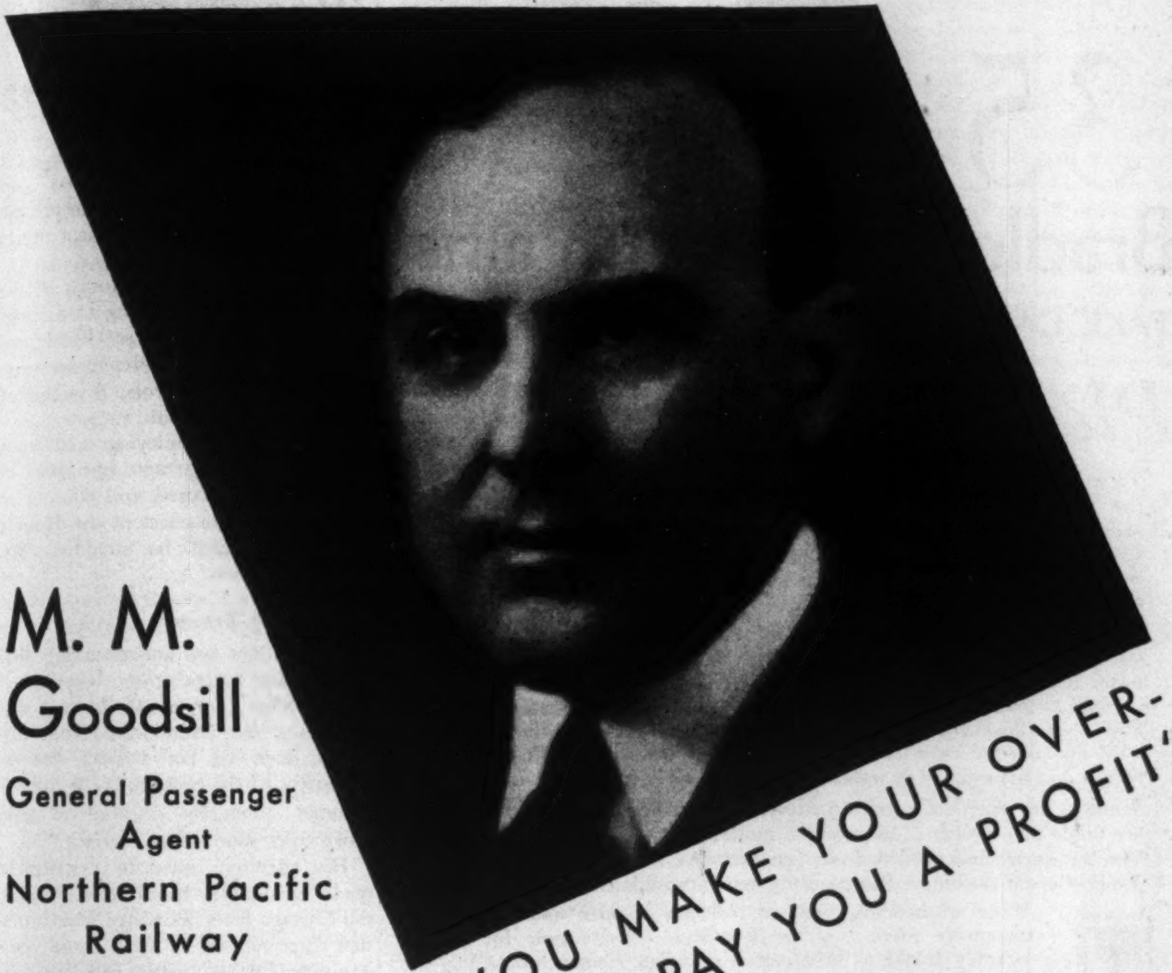
Installations of the vehicle are apparently giving satisfaction in Salt Lake City, New Orleans, Knoxville, Tenn., and Rochester, N. Y.



Pacific & Atlantic

TRACKLESS TROLLEYS FOR CHICAGO

One of the new feeder buses operated by the Chicago Surface Lines to accommodate residents in communities not reached by rails. Offspring of bus and trolley, they are flexible and economical

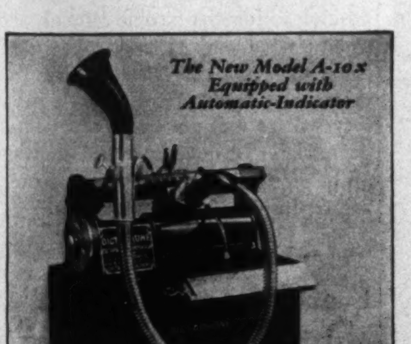


M. M. Goodsill

General Passenger Agent
Northern Pacific Railway

says ——

"YOU MAKE YOUR OVERHEAD PAY YOU A PROFIT"



"OFFICE equipment is usually classed as overhead," says Mr. Goodsill, "but here's a case where its cost can be written in *black.*" In just so many words Mr. Goodsill breaks down the theory that *all* overhead must be a burden on the account books.

"The Dictaphone," he says, "really effects a substitution of an INVESTMENT for an OVERHEAD—an investment which shows an *immediate* saving, and not only can be made to absorb the initial cost within a year, but effects a *constant* saving. There," he concludes, "is where the Dictaphone's initial cost becomes, actually, a *sound investment.* The saving of time and effort, adaptability to everyone on the strength of many mechanical simplicities, and great ability to *DO,* is nothing short of economy; *profit* in its simplest form."

But try this remarkable dictating machine yourself. See how quickly it will place your overhead on a really profitable plane.

Dictaphone Sales Corporation,
206 B Graybar Bldg., New York, N. Y.
In Canada: 33 Melinda St., Toronto.

I'd like to see how the Dictaphone can apply its economy and convenience to my office. Just show me one.

Name____________________

Address____________________

BRANCHES IN PRINCIPAL CITIES
SERVICE EVERYWHERE

DICTAPHONE

The word DICTAPHONE is the Registered Trade-Mark of Dictaphone Corporation, makers of Dictating Machines and Accessories to which said Trade-Mark is Applied.

35 Bradley Washfountains

TAKE CARE OF 2500

Plane Builders

To serve this number of workers at peak hour in the washrooms of the Wright Aeronautical Corporation at Paterson, N. J., with only ordinary equipment demanded too large an amount of valuable floor space. But 35 Bradley Washfountains solved the problem. Bradleys required 25% less floor area, cost less to install and cut 80% off the former water bill!

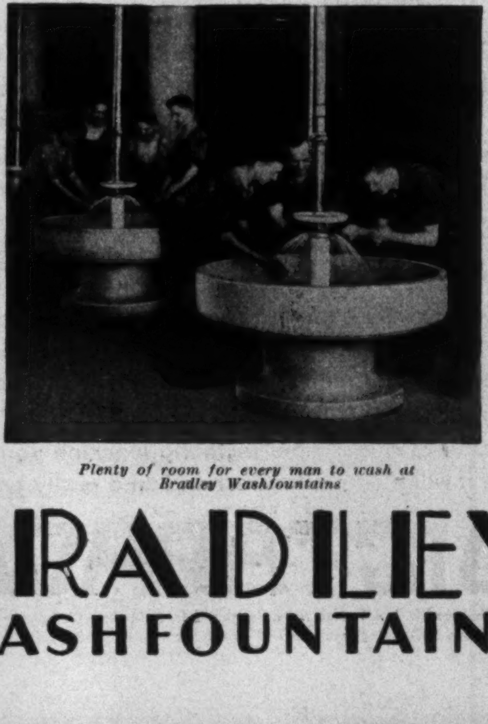
Bradley Washfountains can effect these same savings in your washroom regardless of the number of men you employ. Bradleys save water because ten men can wash at each wide, circular bowl without crowding—wash to the waist if necessary and not spill water on the floor. Bradleys use but little more water than an individual washbowl and require only the same number of supply and drain connections. Yet the volume of water delivered is ample for all requirements.

Bradleys are practically indestructible. Their smooth, one piece bowls are made of a polished, marble-like material that is easily kept clean. The low spray and central drain (an exclusive Bradley feature) make the bowls self-flushing. No standing water or suds can collect.

Your washrooms, new or old, are cleaner and far less expensive when you use Bradleys. Write now for the Bradley booklet, *"Modern Washroom Requirements."*

"Modern Washroom Requirements" sent free on request

BRADLEY WASHFOUNTAIN CO.
2225 Michigan Street
MILWAUKEE - WISCONSIN



Plenty of room for every man to wash at Bradley Washfountains

BRADLEY
WASHFOUNTAINS

Recession Less Than Was Due

BUSINESS had good reason to expect a bigger recession than it got; has good reason now to believe that the prompt action of President Hoover kept things from being considerably worse.

Thus Charles Piez, chairman of the Link-Belt Company, talking to a representative of *The Business Week* and pointing out that the present recession has, so far, been no worse than that of 1924 as compared with 1923.

"We are now employing 4,200 men against 4,800 a year ago, just about as many as we employed in 1928."

Turning to the effect of the Hoover conferences which he attended, Mr. Piez continued:

That Wage Truce

"It was not my understanding that any definite 'wage truce' was agreed upon. What leaders did say was that only as a last resort would they discharge men or cut wages. But in industry, when business falls off, it becomes absolutely essential to pare down costs, much as we regret it."

His attention called to a statement made by Samuel Insull in addressing the Chicago Stock Exchange, that in the first three months of 1930 Insull companies sold $150,000,000 of new securities, Mr. Piez commented:

"Utilities are our big stabilizing factor in business today. They are in a position to forecast income certainly and surely; for them, each year is a little better than the last. Thus they are able to make definite promises as to what they will or will not do in a period of depression. Utility executives are living up to promises made President Hoover, as Mr. Insull's figures well show."

Telephone Is Still Far From "Saturation Point"

ALTHOUGH the number of telephones in use increases much faster than population, the 1930 Bell System's construction budget of $700 million indicates that the saturation point is still far off. During the decade from 1920 to 1930 population has increased about 11%; number of telephones in and connected with the Bell System increased 70%; number of daily calls increased 110%. To meet this growing demand for service the Bell System has expended over $2,100,000,000 during the last 5 years.

Realtors Want Drastic Change In Residential Development

Vote for Longer Blocks and New Standards Will Label Many Subdivisions Obsolete

Realtors now expect the Toronto convention of their national organization, scheduled for July, to endorse the new "long block" for residential districts, to be strongly recommended by the organization's board of directors.

Approval will mean that the real estate men are going to call for blocks in residential developments 1,000 feet or more in length, about double what they now are in most cities, long rectangles rather than squares. They will say that the long block should be platted parallel to the prevailing traffic, with crosswalks for pedestrians at the center of extremely long ones.

Approval will also mean that realtors, now thinking scientifically, frankly declare obsolete a large share of all the subdivisions they have promoted.

Reasons given for the longer block recommendation are these:

1. General use of the motor car permits it.
2. It makes for economy in the use of land and the provision of utilities. Instead of superfluous side streets, there are extra lots—or more land for parks. Lower costs of paving, utilities, lighting, and maintenance mean reduced taxes and assessments.
3. Elimination of crossings will reduce accidents and traffic delays.
4. A semi-suburban effect results.

Set New Standards

Simultaneously, there are being laid down the first formal "Standards of Practice for Subdivision Development." After a century or two of work, the real estate profession is now about to decide officially what a lot is, pointing out that a "lot" and a "home site" are two entirely different things. The definitions, yet to be ratified, are:

1. LOT—A parcel of land indicated by a description as required by law, usually a part of a subdivision.
2. HOME SITE—A lot which, by reason of availability of services and conveniences necessary to modern standards of living, is ready for the *immediate construction* of a home.

Similarly, it is to be officially stated that a "subdivision" and a "subdivision development" are equally separate and distinct.

A good *subdivision,* realtors say, has these characteristics: Its street plan, adjusted to topography, carries forward the city plan or country highway plan. Lot sizes are adjusted to character of buildings planned. A minimum amount of land is set aside for streets or "wasted in alleys or too frequent side streets." If subdivision is large enough to justify, land is set apart for parks and recreational use.

A good *subdivision development* must have all the characteristics of a good subdivision and numerous others. Utilities should be planned and installed in an orderly manner, making complete home sites available as rapidly as they are advertised and sold as such. Ready access to schools, recreational facilities, churches, is essential. Water, sewers, gas, and other underground utilities should be so placed as to avoid destruction of paving when repairs or changes are made. Electric, telephone and power lines are underground, if possible. There is good transportation to a business center not more than half a mile away. Covenant restrictions in deeds insure harmonious and homogeneous building, development of community atmosphere. Definite efforts to encourage community life and activity are made by the subdivision developer.

W. C. Miller, of Washington, D. C., chairman of the Home Builders and Subdividers Division, National Association of Real Estate Board, states:

Some Model Developments

"The day of the old-fashioned subdivider who plowed a furrow and called it a street is gone, we hope, never to return. This kind of subdividing has done a great deal of harm not only to our American cities but to the general business of real estate. In the place of this type of subdividing which contributed nothing has come the subdivision development."

As model "subdivision developments" he cites: Van Sweringen development, Shaker Heights, Cleveland; The Country Club District developed by J. C. Nichols, Kansas City; Roland Park, Baltimore; H. C. Thorman's development in San Antonio; River Oaks, Houston, developed by Hugh Potter; Harry Kissell's developments in Springfield, Ohio.

Mr. Miller modestly refrains from including his own Wesley Heights development in the national capital.

"SUBDIVISION DEVELOPMENT"—NEW STYLE

Eliminating superfluous side streets adds more lots, more land for parks, cuts down cost of paving, utilities, maintenance. Fewer crossings mean fewer accidents and traffic delays. More land offers greater freedom in placing houses

Reflected in Chiquola's Record — Modernization as a *fixed* Policy

IN the annals of the Textile Industry few cotton mills have achieved a sustained record of profitable operation more noteworthy than that of Chiquola Manufacturing Company at Honea Path, S. C.

The uninterrupted dividend record of this mill reflects a definite policy of keeping the mill constantly up-to-date in every feature: — equipment, power application, management, labor relations.

This organization of Engineers, in its early days nearly thirty years ago, planned, designed and supervised construction of this cotton mill. The intervening period has been a record of constant co-operation with its client in helping the plant to an ever new peak of productive efficiency.

J. E. SIRRINE & COMPANY
Engineers
Greenville South Carolina

Profit Engineer Takes Throttle

PROFIT engineering, under post-crash pressure, gives promise of attaining shortly to the dignity of a recognized profession. Thinking on the subject has crystallized rapidly in recent months. The idea of budgetary control is being carried to its logical conclusion.

Profits are commonly thought of as what remains after expenses are deducted from revenue. This, says the profit engineer, is 100% wrong. Profits should be the first deduction made. They are capital's wages. For them business exists. Provide first for profits. Make the business live on what is left.

General Motors, a foremost practitioner of budgetary control, practices profit engineering. In 1929, some months before the crash, General Motors began to plan for operations in 1930 upon a considerably decreased income. Above all, profits and dividends must continue. First thought, not last, must be of holders of 43,500,000 shares of common stock.

Set Up 5 Plans

Five separate profit maintenance plans are reported to have been made: One for a 1930 income 65% of 1929, others for 70%, 75%, 80% and 85%. In each case, the first item provided for was profits. The business would have to get along on what remained. At company headquarters and in each of its many units men set to work figuring and planning in detail just how it could be efficiently done.

Reports for the first quarter, published early this month, indicate that the 75% plan turned out to be the one used. General Motors sales for the first three months of this year were 75.2% of those for the same period last year, $289,554,453 as against $385,129,900. Net profits, after taxes, were 74.5% of those earned last year, $44,980,197 as against $60,317,514. Number of cars manufactured was 70.5% of last year, 368,635 against 523,119. Although overhead had to be spread over considerably reduced output, average profit per car increased from $115 to $122.

This happy result, so surprising to commentators, was entirely premeditated. Profit engineering did it. All it proves is that General Motors makes full plans, then carries them out. Planned profits are as possible as planned production.

Russia Is Likely to Be Better And Safer Buyer Now Than Later

Soviets Need Supplies, Can't Afford to Default; Orders May Drop, Risks Increase with 5-Year Plan

THERE is increasing doubt and anxiety among American business men about the wisdom of going after more trade with Russia. That trade has been large and the opportunities are larger, but the Soviet demands longer credit terms. Competition in prices and credit terms from British and German business is keener and the Soviet naturally is playing one country against another for the best terms, since its exports are limited and it hasn't a lot of money to pay for what it buys.

American business men want to know how far to go in bidding for Russian business. Our government, not having diplomatic relations with the Soviet and determined, quite properly, to have none, is lukewarm on this question, though of course it cannot explicitly discourage trade with Russia.

Pros and Cons of Soviet Trade

The official statement from the Department of Commerce solicited by *The Business Week* and printed in last week's issue expresses this attitude quite clearly. It represents the point of view of many sincere students of the Russian situation. Although we do not wholly agree with this point of view, we think it deserves to be more generally understood, and therefore set down here the main elements in it, with the objections to them.

(1) It is probably not worth while going after Russian business now because such business depends upon the 5-year plan of forced industrial and agricultural development. That plan is merely a paper scheme which will certainly not be carried out in 5 years and will probably not be realized at all. If it fails the Soviet regime is likely to fall and there will then be better opportunities for business with Russia than there are now.

The answer to this is: There is no evidence that the 5-year plan is not being carried out on schedule in its main features, although some details may not be realized. But, even if it is not to be realized in 5 years, and should take 10 or 20, there is no evidence that it will not be carried out at all or that the Soviet regime will fall because of failure to keep up to its schedule. If and when the plan is realized Russia is certain to be industrially more self-sufficient than now and the trade opportunities are likely to be less.

(2) Since the 5-year plan is bound to fail and the soundness of Russian credit depends on the success of the plan, the credit risk now in Russian trade is large. After the Soviet regime falls, it will be possible to extend credit to Russia on the ordinary basis and more safely.

The answer to this is: The 5-year plan vitally depends upon securing machinery, technical aid, and supplies from other countries, and the Soviet is not likely to endanger the success of the plan by defaulting on credits now. Her imports and exports are being carefully controlled by the government in order to do as much business as possible on a barter basis and not put too great a strain on external credit. After the industrialization plan has been fairly fully realized Russia will be less dependent upon outside credit and the risk in granting credit to her is likely to be greater than it is now.

The "Standard of Living" Factor

(3) Although there isn't much to be gained by trade with Russia now, there are no special dangers in it either, and it doesn't matter much one way or another because Russia is never likely to be a formidable competitor of other industrial nations. The Soviet economic system has no peculiar advantages which would enable Russia to engage in ruinous price competition in world markets for any length of time. Such competition as she now does in this way is based upon forced labor at a low subsistence level and the

Pacific & Atlantic

RED CHIEFS

The leaders of the Soviet Republic on the reviewing stand during the May Day demonstration in Moscow. Left to right, Kalinin, Yaroslavsky, Rykov, Voroshilov, Stalin, and Kamenez

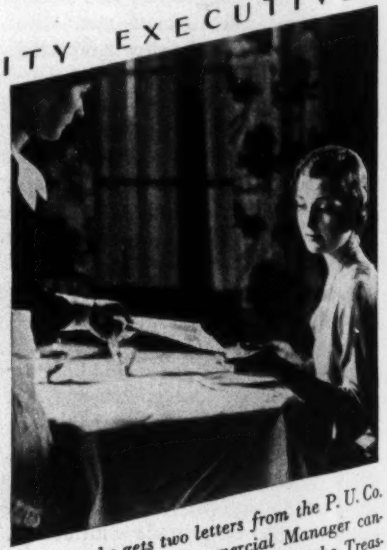
"I want you Two Public Utility Gentlemen to meet each other,"

wrote Mrs. John K. Citizen

A MOVIE FOR PUBLIC UTILITY EXECUTIVES

1. *For the third time Mrs. John K. Citizen received an incorrect bill from the Public Utility Company . . . including an overcharge which she did not owe.*

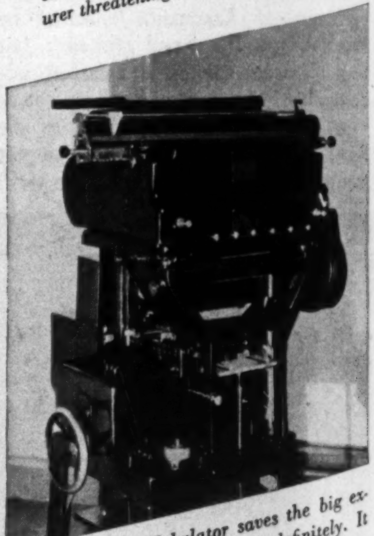
2. *For the third time Mrs. Citizen wrote a letter of patient protest. The third letter might justifiably have carried a few x!x-!! . . . but Mrs. Citizen is a genteel woman.*



3. *Then she gets two letters from the P. U. Co. —one from the Commercial Manager cancelling the bill. The other from the Treasurer threatening to discontinue her service*

7. *"With this machine," said the Remington Rand man, "the Customer's Bill, the Ledger and the Revenue Abstract are made in one writing—reducing your 'commercial cost.'"*

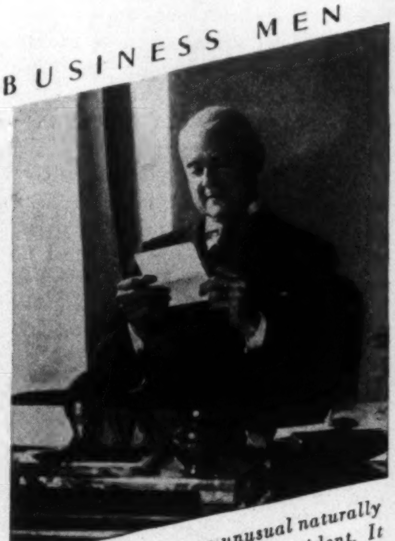
8. *"This system of cross-indexing customers' names phonetically, by Soundex, prevents duplications and mailing mistakes; promotes better customer relations."*



9. *"This Powers Tabulator saves the big expense of keeping statistics indefinitely. It will quickly compile cost and revenue records to date for a year or two back."*

AND ALL OTHER BUSINESS MEN

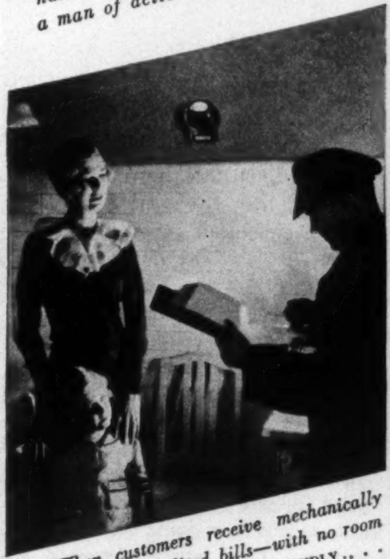
4. *This time Mrs. Citizen yawned. She pinned the two notes together, mailed them to the P. U. Co. with one of her own. It read: "I want you two boys to know each other!"*



5. *A communication so unusual naturally came to the desk of the President. It handed him a smile and a jolt. Being a man of action, he proceeded to act.*

6. *"Get your hats, boys," he said to the Commercial Manager and the Treasurer. "We're going to Remington Rand to see how other P. U. Companies handle their problems."*

10. *"You know the line of fretful customers kept waiting at your cashier's window. Remington Rand machines, by reducing bookkeeping confusion, saves their time."*



11. *"When customers receive mechanically proved and audited bills—with no room for complaints—they are* FRIENDLY*... even the meter reader gets a smile!"*

12. *"Drop over and give us your suggestions," said the President. "I'll be glad to," said the Remington Rand man. "I'll give you a frank and unbiased report."*

MORAL: You no longer have to *re-make your business* to fit an accounting machine. You can now get an accounting machine precisely *fitted to your business!* Remington Rand offers you 72 types. Phone for a Remington Rand man. He will study your needs and tell you *impartially* what machines, if any, will cut your office costs and give you better figure *control.* Remington Rand Business Service Inc., Buffalo, N.Y. Sales offices everywhere.

Remington Rand

ACCOUNTING MACHINES

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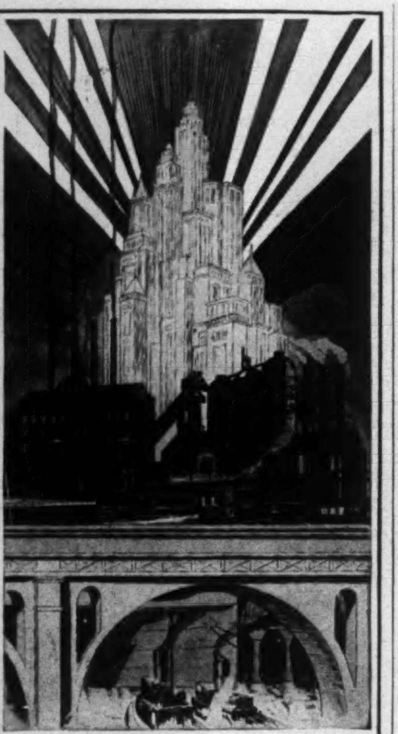
REMINGTON
. . . POWERS



A NATIONAL SERVICE TO INDUSTRY

Since 1881, P. T. L. chemists and engineers have been aiding in the solution of scientific industrial problems. As an example, aluminum was first produced on a commercial scale, after research along the lines of the Hall patents, by P. T. L. and under its chemical control.

In addition to chemical and physical tests, investigations and research P. T. L. performs engineering inspection of all kinds.

The activities of this modern industrial organization are covered in a 32 page brochure sent to interested executives.

PITTSBURGH TESTING LABORATORY
PITTSBURGH, PA.
Branch Offices in Principal Cities

Russian worker will ultimately revolt and demand a higher standard of living. Moreover, since Russia can't borrow capital abroad or create enough at home from her savings, she can't compete successfully with the western capitalistic nations in world markets. Finally, although Russia may turn out a lot of goods for export by forcing her workers to a low subsistence level and printing paper money, the quality of her output will be so poor that no real competition will be possible.

To this the answer is: The standard of living of the Russian worker, though far lower than that of workers in any other country, is probably higher today than it ever was before. The Soviet regime and its educational system have saturated her working people with a kind of fanaticism which will make them willing to endure a lower standard of living than other nations for a long time in order to demonstrate the superiority of Communism to the capitalistic industrial systems of other countries.

Russian Self-Sufficiency

Russia need not depend very much upon outside capital. With an enormous labor reserve and natural resources in abundance, her industrial development may be financed internally by bank credit not based upon actual savings, just as the rapid industrial development of the United States in recent years has been based upon expansion of bank credit far in excess of actual savings. If her external trade is carefully controlled, there is no reason why a country with abundant natural resources and a state-controlled system of production and distribution cannot finance her internal development, as Russia is doing on a managed currency. This involves merely advancing to workers their current needs of subsistence against future production while they are creating the means of increased future production, and by a bookkeeping transaction setting aside sufficient charges on future production to cover maintenance and depreciation of the industrial machinery. This is essentially what the Soviet system of state-controlled credit is now doing.

Could Always Shade Prices

Under such a system there is theoretically no reason why Russia could not sell goods abroad indefinitely, as she now does, at prices lower than those determined by higher labor costs, higher capital charges and individual profits current in capitalistic countries—unless such products are kept out of world markets by embargoes. If they are so kept out the benefit still accrues to Russia and further strengthens her position. All that this requires is that Russian workers and other individuals continue willing for a time to sacrifice higher standards of living and their individual profits for the sake of a purpose. That purpose—the gradual extension of the Soviet system to other countries—is dominant and explicit in everything Russia is doing. From the point of view of business interests in other countries, therefore, trade with Russia does matter because it strengthens the Soviet government and promotes the purpose which it has in view.

In short, the one point of view toward Russian trade is that it is unimportant and rather risky now; and that it is better to wait for the Soviet collapse, sure to come, before trying to do much business with her. The other view, to us sounder, is that Russian trade opportunities are best and safest now, and that American business had better take what it can get of this business now, for later Russia is more likely to be a bad competitor than a good customer.

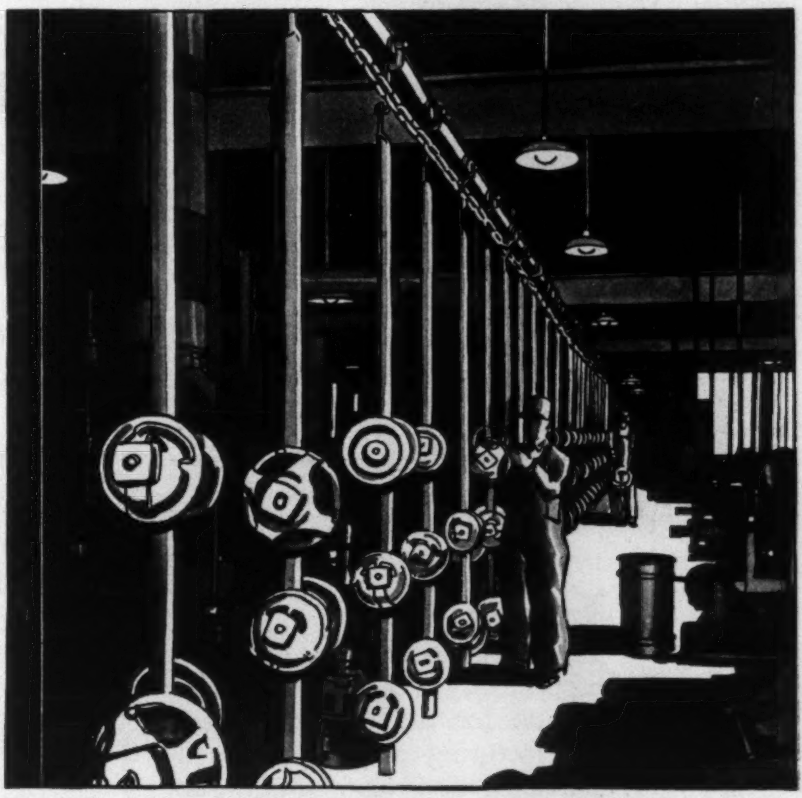
The Silent Films Get A Break in Poland

WHATEVER the ebb and flow of battle within the industry, United States producers of talkies can be assured of steady opposition in non-English speaking markets until they are equipped to produce in the language of the country in which they exhibit. Latest attack comes from Poland, is double-barreled. Warsaw officials have ordered that no new concessions for the opening of motion-picture houses are to be granted unless the proprietors furnish assurance that at least 10% of the films shown will be of Polish production. Further aid has come automatically to the Polish film industry. With the growing scarcity of silent films available in European markets, due to the increasing production of sound films by the principal manufacturing countries, Polish-made "silents" during recent months have been finding good outlets in several European countries, much to the financial relief of the native industry.

To meet the pyramiding demand for talkies in various languages, Paramount last week announced plans to establish a large talkie studio outside of Paris in which films in French, German, Spanish, Hungarian, and Swedish will be made.

ONE INVESTMENT

you will never have cause to regret . . . .



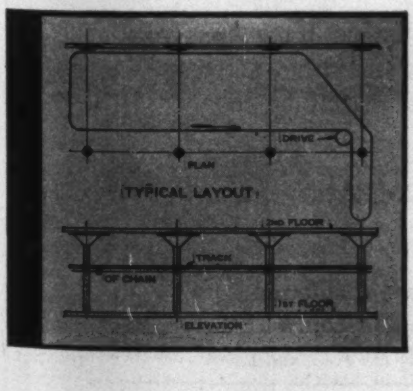
General Electric, at its Pittsfield, Mass., plant, uses the Mathews Chain Trolley Conveyer illustrated above to handle motor end-shield castings

"WHITE ELEPHANTS" . . . equipment that has failed to live up to the expectations of the purchaser . . . can be spotted in almost every plant, but never yet has a Mathews Conveyer System been put into that classification . . . for a Mathews is *one investment you will never have cause to regret.*

Back of the spinning rollers, the quietly moving belts, pallets and trolleys, there is an experienced staff of engineers . . . a group of conveyer experts that combine these various units in countless ways to produce smoothly-functioning systems, capable of carrying their loads quickly, economically, safely.

The exceptionally modern design and sturdy construction of Mathews equipment play a vital part in its unusual performance . . . skilled engineering guarantees that this performance will be applied directly to speed your production as well as lower your handling costs.

Only when a Mathews Conveyer System is installed in your plant, will you fully realize how valuable such an investment really is. There's a new catalog, however, describing many applications and presenting interesting engineering data. A copy is available for every executive who may be interested in modern handling methods.



MATHEWS
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Birmingham . . Boston . . Buffalo . . Charlotte . . Chicago . . Cleveland . . Dallas Denver . . Detroit . . Houston . . Los Angeles . . Milwaukee . . Minneapolis . . New Orleans . . New York . . Philadelphia . . Pittsburgh . . St. Louis . . Salt Lake City San Francisco . . Seattle . . Mathews Conveyer Company, Limited, Port Hope, Ontario

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Industrialists, entrusted with the responsibility of securing the proper location for the establishment of manufacturing plants will readily appreciate the advantages of the San Francisco Metropolitan Bay Area.

Located on the median line of population of eleven Western states between Canada and Mexico, this area has dominant distribution facilities; is terminus of three great trans-continental railways; port of call for foreign, intercoastal, coastwise, and river steamships; center of network of intrastate railroads and highways, affording economical distribution to the entire Western market. It is the terminus of airways, express and passenger lines. In addition it is the most advantageous point from which to serve the great export markets bordering on the Pacific Ocean.

Electric power and Natural Gas are available at exceptionally low rates; labor turn-over is unusually low due to large home ownership; all year working climate; waterfront and other acreage at low cost; a wide variety and abundance of raw materials.

For further particulars regarding this area write:

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***General Office*, 245 Market Street, San Francisco, California**
Serving 362 communities in Northern and Central California
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Ind.-2-30

Long-Term Trend Favors Gain For Business in Next 5 Years

But Production and Profits Won't Pick Up As Fast As in Last 7, Chicago Bank's Study Indicates

WHAT do the next 5 years hold for business? Continental Illinois Bank & Trust Co., of Chicago, studying long-term trends, advances several answers. A general increase, probably less rapid than the past 7 years, is its best conclusion. Detailed forecasts:

The last 7 years' average annual increase of 2.4% in industrial production is not likely to be exceeded, if equalled, in the next 5. A rise of 10% or more above the constructed normal is a danger signal both as to production and inventory.

An Upward Bias

Corporation net profits, growing more rapidly than production, may not increase at as rapid a rate as the 8.9% average annual increase in the past 7 years. Inclusion of service corporations (banks, hotels, construction, insurance, etc.) largely accounts for much more rapid rate of this growth than that of production. Figures have some upward bias due to the growing number of corporations included in the compilations.

The comparatively liberal dividend policy of corporations will continue, unless a genuine depression occurs. The trend of earnings limits this strictly. For the 7 years, the annual rate of increase has averaged 17.2%. The same upward bias applies to these as to profits.

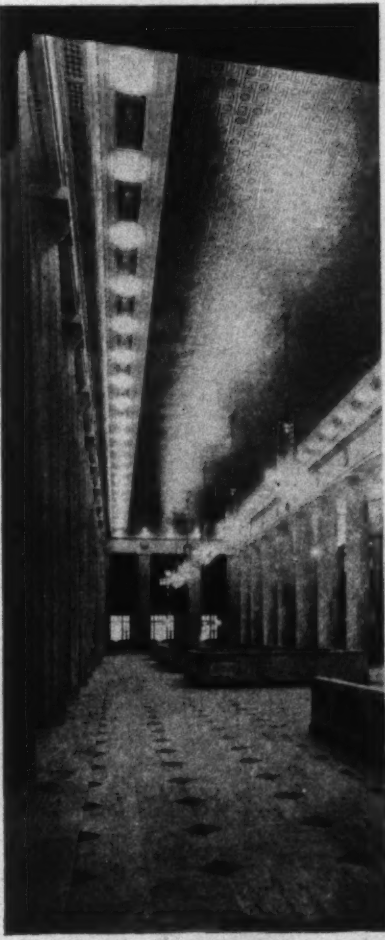
Declining Commodities

Commodity prices are likely to continue downward for the next half decade, somewhat due to the pressure of a limited gold supply. Predictions that a gold panic will soon cause a devastating price deflation are scorned. The average annual price decline has been 0.9%. Agricultural price recession has been 0.36% per year, non-agricultural prices have gone off 1.3% per year. Approximately same rates of decline may continue.

Carloadings are a dangerous indicator to trust. The average annual increase has been at a rate of 0.57% annually. Reliance on these figures tends to lead the observer to underestimate business since competition of motor transport, pipelines, and shipping through the Panama Canal is not taken into account.

Bank debits, increasing 13.6% annually in the last 7 years, give a grossly incorrect picture of business activity because speculative transactions are included. Elimination of large cities from the totals makes them more valuable for purposes of interpretation.

Merchandise exports should continue to increase during the next 5 years, "perhaps" as rapidly as the average annual growth of 4.1% in the last 7 years. The stimulating effect of large foreign loans shortly to come should bring a good increase from the present low point. The prop of foreign loans for export trade will continue to be effective for some years, but a sizeable increase in imports eventually must supplement it.



LONGEST LOBBY

The new Northwestern National Bank in Minneapolis opened the doors, last week, on a banking room 318 feet long, the longest in the world. The marble columns which flank its sides rise 39 feet to the ceiling

Gradually increasing imports are foreseen. The creditor position of the United States makes such growth inevitable. The annual growth of 1.3% in recent years will be exceeded in time.

Population Will Grow

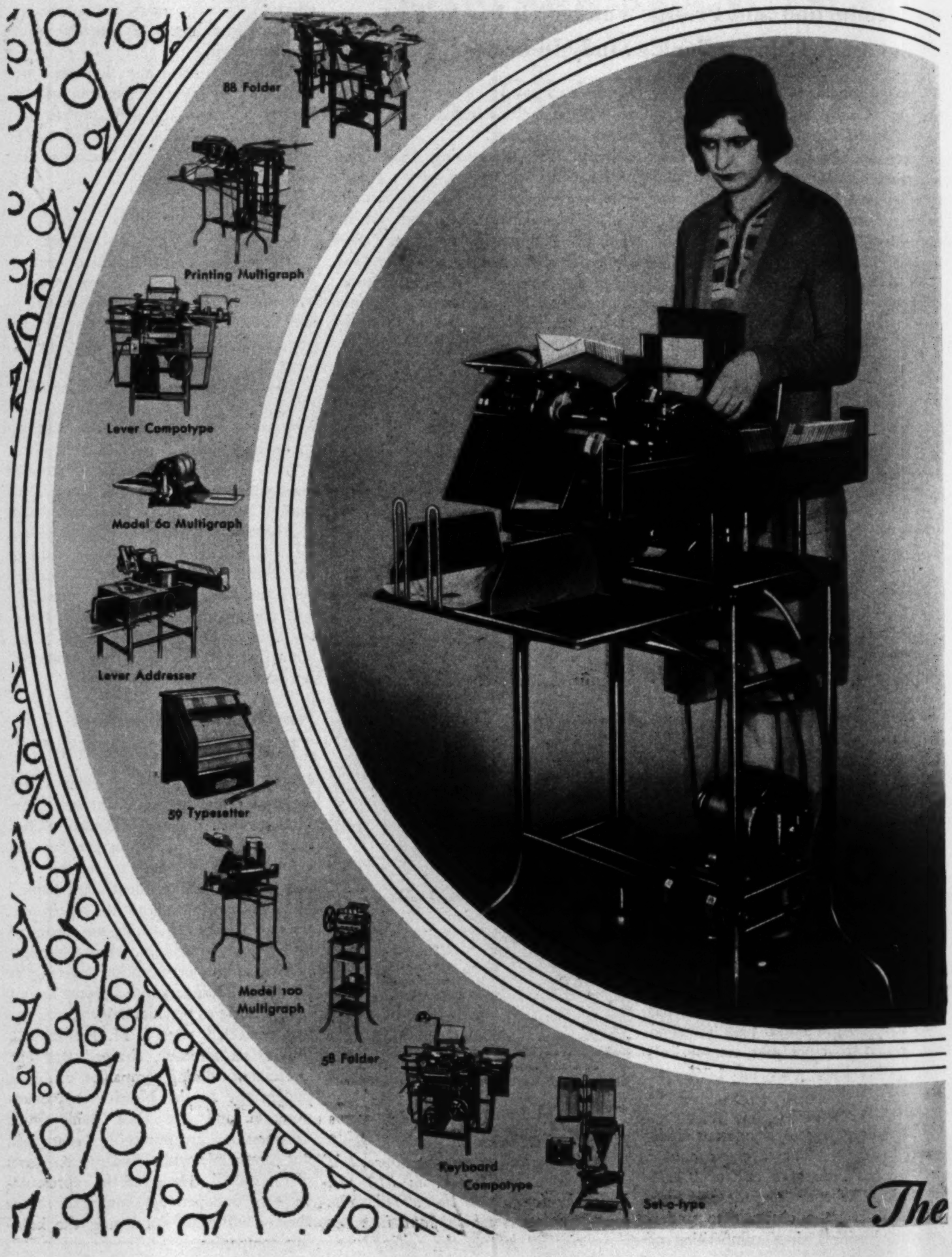
Population increase at the rate of 1.3% may not be maintained, but a stationary population is decades distant. The population obstacle to production and trade is minimized: increasing exports and a rising standard of living offset it.

The continued growth of security loans bulks large in the banking outlook. This type of loan has outrun commercial loans 5 to 1 and deposits 3 to 1 in recent years. Basic conditions which have brought it about continue. Security loans have increased 16.5% annually in the past 7 years. Growth will continue, though perhaps not at this phenomenal rate. Commercial loans have grown 3.15% annually, will continue to increase, perhaps not so rapidly. Deposits have risen 5.7% annually, will increase, but probably not so fast.

Northwest Banks Start Their Own "Chain War"

CHAIN banks as well as chain stores are under fire in the Northwest. An "Independent Bankers' Association" has been organized in Minnesota for the express purpose of "preserving for this state the independent local bank." Membership is limited to representatives of Minnesota banks not operated by holding companies. Forty bankers present at the organization meeting in Glenwood, Minn., elected Harry Lee of Long Prairie as president. Organization was perfected after J. M. Freeman of Olivia, an attorney, charged that the interests of holding companies, referring particularly to the Northwest Bancorporation and the First Bank Stock Corporation "are purely mercenary and not compatible with service to residents of the state." He urged the representatives of independent banks to merge their activities in combating the holding companies.

INCREASING THE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Wide Reading

INDUSTRY LOOKS TO THE FINANCE COMPANIES. H. Bertram Lewis. *Forbes*, May 15. Leading American finance companies are in a thoroughly sound condition, despite alarmists. There is a growing demand for instalment terms in industrial and plant equipment field.

PORTRAIT OF GEORGE H. LORIMER. Benjamin Stolberg. *Outlook*, May 21. Story of the man who put the *Post* across.

STAGGERED HOLIDAYS. Henry Kittredge Norton. *Forum*, June. Sane suggestions for improving holiday possibilities. Stimulant for traffic commissions, automobile distributors, concessionaires, and week-enders disgusted with present road, beach, and theatre over-crowding.

THE COAL MINERS MECHANIZE. *Coal Age*, May. Entire issue devoted to modern mechanization at Wildwood, new mine of the Butler Consolidated Coal Co., in Pennsylvania. Mechanized mining in four states accounted for 74.9% of last year's bituminous tonnage of 37,854,000.

WHAT IS HISPANO-AMERICA TO US? Waldo Frank. *Scribner's*, June. Business will proceed to knit the Americas into one gigantic, complex body. What are we doing to give direction to new forces?

HOW NECESSARY IS ILLNESS? Ralph A. Reynolds. *Atlantic*, June. American wage earners lose 250 million work days a year. Europe is far ahead in socialized medicine, public health. Russia is already successful; Vienna offers a model plan.

NEGRO GROCERS TO DEVELOP $1,650,000,000 FOOD MARKET. Lawrence M. Hughes. *Sales Management*, May 10. Potentialities of the "black" market surveyed, charted, explained by the National Negro Business League. Significant to business with a large Negro clientele.

BRITAIN DEBATES RUSSIAN CREDITS. *British-Russian Gazette & Trade Outlook* (London), April. Sharp opinions, enlightening figures, new efforts and concessions in order to capture Soviet trade.

THE YOUNG PLAN'S EFFECT ON OUR PROSPERITY. Francis H. Sisson. *American Bankers Association Journal*, May. Will aid America in finding new markets abroad and holding old ones.

BOOKS

TOWARD CIVILIZATION. Edited by Charles A. Beard. Longmans, 307 pp., $3. Famous engineers answer "Whither Mankind" with a study of their plans for the future. Millikan, de Forest, Pupin, Sperry, Kimball—point out human aspects in their activities.

SOVIET RUSSIA. William Henry Chamberlin. Little, Brown, 453 pp., $5. Probably the most substantial and just estimate of the Soviet State that has yet been made by an American.

WAGE METHODS AND SELLING COSTS. Anne Bezanson and Miriam Hussey. University of Pennsylvania Press, 405 pp., $4.50. Elaborate statistical study of "compensation of sales clerks" in four major departments in 31 stores. Brings out several little-known points; worth studying.

1930 No Test of Instalment Selling, M. V. Ayres Insists

In trying to find out how instalment selling was standing the test of business depression, *The Business Week* discovered that statistics were not to be had. We made some investigation, however, and presented (May 7) such significant facts as we could gather. Milan V. Ayres, analyst of the National Association of Finance Companies, takes exception to statements and conclusions therein and volunteers interesting information on the subject.

As to our inability to get figures, Mr. Ayres says:

"The truth is that instalment companies have never acquired the habit of giving out figures, not having been educated to the idea that the details of their business are public property, and have not sensed the need of giving out any at this time because the true figures are so devoid of any exciting quality."

Really Proving Nothing

He continues:

"Instead of awaiting with anxiety the outcome of the present 'severe test of instalment selling,' we who are in close touch with the system have been harboring a feeling of regret that the ordeal is so slight that it will probably be claimed hereafter that it really proved nothing after all."

As to increased repossession proceedings in courts, he remarks:

"A substantial percentage of a very small item is still a very small item. Instalment houses never resort to the courts in any large proportion of repossession cases. The vast majority of repossessions are made without resort to the courts. If they usually resort to the courts in 0.5% of their sales, and this a guess probably in excess of the facts, then the reported increase means that recently they have used legal action in 0.62% of transactions.

"Our members are nearly all finance companies dealing in automobile paper. They do not tell us that repossessions are very bad. They say that *they are above normal, but not at all alarming,* in some industrial cities where there has been a large amount of unemployment, and that elsewhere they are no more than usual."

Instalment selling is older, he says, than most people imagine.

"I think you are laboring under a very prevalent misapprehension in regard to the recent expansion of instalment selling. You state that the real development of instalment selling had not begun in 1921, or at least that it was not being carried on on a scale that caused it to permeate the whole business structure to the degree that it now does.

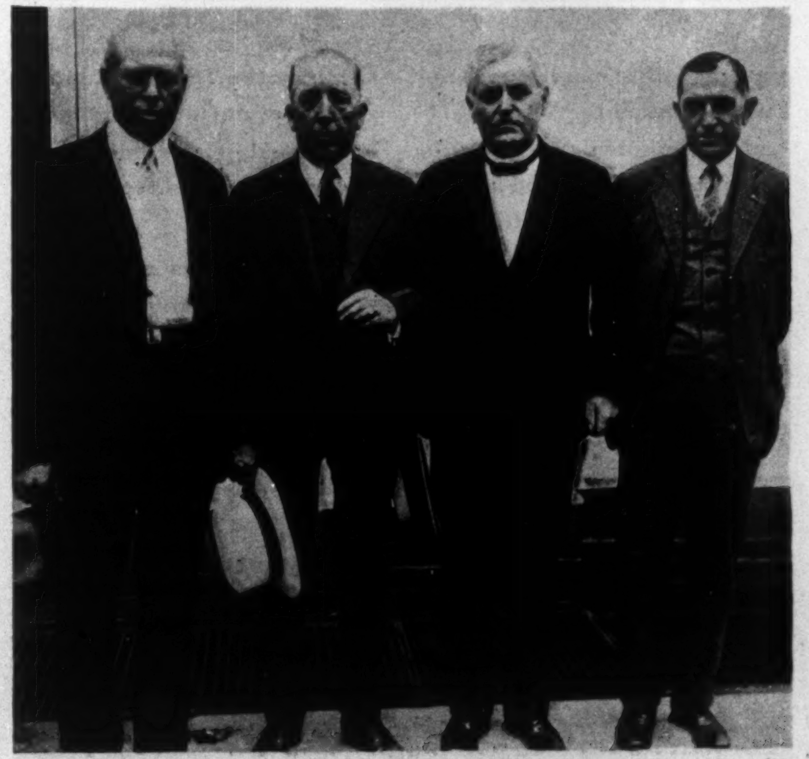
"By 1921 instalment selling had become as thoroughly established as it now is in a number of important lines, including the following: furniture, pianos, sewing machines, books, farm machinery, real estate, phonographs, vacuum cleaners, and automobiles.

"The instalment plan for the sale of automobiles may fairly be said to have reached its majority with the establishment of General Motors Acceptance Corporation in 1919. This compelled all other automobile manufacturers who had not already done so to urge their dealers to make full use of the instalment method in selling cars.

"The principal increases in the volume of instalment sales since 1921, aside from that due to the increase in the number of automobiles marketed, have been in connection with new devices such as electric washing machines, radios, automatic refrigerators, and oil burners. There has also been some expansion of the instalment method in connection with property improvements, such as the installation of new bathrooms, building sleeping porches and garages, paving of alleys, and re-roofing, all of which things are in the nature of permanent investments rather than of consumable goods. There is also at this time a decided movement toward the use of the instalment method in the financing of capital equipment, such as store furniture and machinery for factories, bakeries, laundries, and the like.

Was Thoroughly Established

"To sum up, although of course it is literally true that instalment selling did not permeate the whole business structure in 1921 to the degree that it does now, it is also true that it did permeate the business structure to only a slightly less degree and was just as thoroughly established and accepted in many lines as it is today."

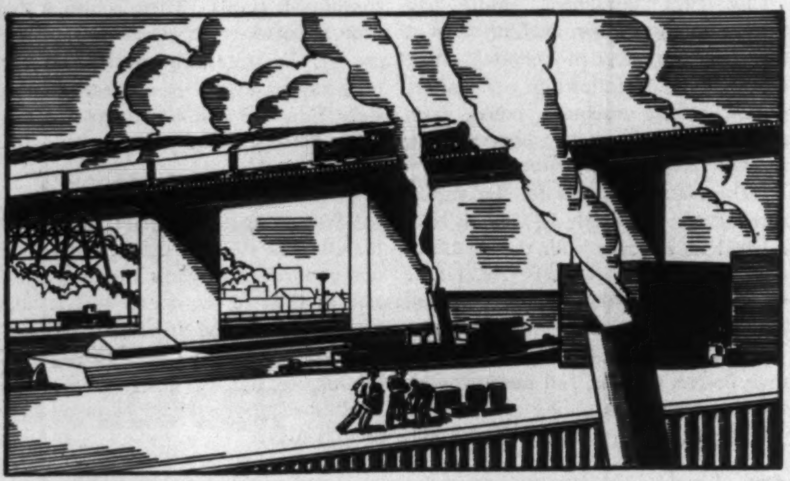


Acme

LABOR CALLS AT THE WHITE HOUSE

John P. Frey, secretary of the Metal Trades Division (A. F. of L.), John Coefield, vice-president of the Plumbers International, Frank Morrison, secretary of the American Federation of Labor, and Arthur O. Wharton, vice-president of the International Machinists call on the President to ask him to carry forward as much work as possible at arsenals and navy yards

They are trebling and quadrupling the life of timber!



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New Code Cuts Cable Tolls

CABLE and radio messages sent abroad last year cost Americans $36 millions, according to information from the International Telephone & Telegraph Corporation. The same office attributes 85% to 90% of these calls to business purposes. Western Union claims to handle 44% of the present daily average of 51,000 transatlantic messages. Other American companies handle another 43%.

Last October new cable code regulations became operative. Business, taking careful inventory of cable bills for the last 6 months, has found striking decreases in costs. Many large banks have annual cable bills of more than $250,000; can sometimes save as much as one-fifth by the new code.

Restrictions Eased

Under the old regulations each code word of 5 letters had to be pronounceable. Two 5-letter words could be joined to make one 10-letter word, but if one of the 5-letter words was judged unpronounceable the sender was charged double. The Brussels conference simplified this procedure by ruling that any combination of letters not exceeding 10 which contains 3 vowels shall be accepted as one word.

Prompt to realize the commercial possibilities of the new ruling, Ernest E. Peterson, aggressive code expert, set out to revise Peterson's International code. The existing edition contained 90,000 words. The revision now used contains 200,000 5-letter words, each with two vowels. New words are included to cover new requirements: "ozerw" for the World Bank, and "ohvik" for talking pictures.

Because banks are such important users of cables, Peterson's new code is especially adapted to their use. Guaranty Trust Company of New York has spent from $50,000 to $60,000 to supply the new code books (at $30 each) to all correspondents.

Mr. Peterson began as a stenographer with Swift & Co., in the Union stock yards, Chicago, when he was 13. When in the code department he invented a code which Swift adopted for private use. Growing public demand for telegraphic codes led Peterson to form the Peterson Cipher Code Corporation. His first banking code, 27,000 words, appeared in 1911.

New Crops and Co-ops Keep Farm Board on the Jump

Has Its Hands Full Finding Storage Space For the One, Fixing Politics for the Other

ALL eyes are now on the new crops. The big melancholy carryovers of old ones would be forgotten if they could be; and the Farm Board is doing the best it can to keep them out of sight. It seems to have fair control of the spot market in wheat and even in cotton. Its agencies are taking most of the cash wheat off the market, and storing it or disposing of it to millers or others for export. It has collected probably 700,000 bales of cotton by taking delivery on May and July contracts, and is still calling in the July cotton. The premium on the old crop is still so high that expectations of re-shipments from abroad have been realized. Last week 6,000 bales of cotton were returned here from France, and there were practically no exports. Exports for the season are now 1,153,000 bales behind those of last year.

Wheat Position Improved

Wheat exports have improved. This is the season between crops when European supplies are lowest. They seem to be exceptionally low this year and the amount of wheat being shipped from other exporting countries is relatively small. Just now the position of American and Canadian wheat holders is more favorable than it has been in months. Crop prospects are only average, or give no indication of a possible bumper crop here or anywhere. In spite of the large supplies being held in the United States and Canada, prices now should be stronger and should strengthen during the next month and a half until the harvest of the new crop begins in the Southwest. Signs of such strength are absent, however, chiefly because the speculative interests are not active in the grain market. In spite of the stagnation of the stock markets, the shadow of the Farm Board is keeping any great speculative interest from developing in the wheat pit.

The Farm Board in turn has its own specter to haunt it. That is the problem of storage space and terminal congestion in connection with the new crop coming in June. A much smaller proportion of the current carryover of wheat is on farms than ever before. The railroads have said they will be able to handle the crop without delay if terminal storage space is available. State officials and farmers' organizations in the Northwest already are sending out warnings to growers to prepare to hold 1930 grain on their farms.

To meet this, the Farm Board agencies are rushing grain elevator construction and acquiring new storage space and terminal facilities. The Farmers' Union Terminal Association of St. Paul is doubling the capacity of its St. Paul elevator, constructing a million bushel elevator in Minneapolis, and half-million bushel elevators in Williston, Minot, Fairmont, and Fargo, North Dakota. More significant is the fact that the Farmers' National Grain Corporation has definitely prepared to go into the export business by purchasing the Hall-Baker Grain Company of Kansas City for $3 millions. This company handles 30 to 40 million bushels annually, is the largest exporter of grain to Gulf ports and the largest merchandizer of milling wheat in the United States. The deal includes leases of elevator space of almost 6 million bushels in the Kansas City terminal. Purchase of Updike Grain Co., largest holder of storage space in Omaha, is also being negotiated. This will probably cause more grief for the private grain dealers and grain export interests.

Farm Board activities now are concerned chiefly with problems of politics involved in organization of central co-operative units to handle major crops. Wheat, cotton, wool, and beans are fairly well organized, though their internal difficulties are not over. A national livestock marketing association is about to be launched, after great difficulty in getting together the interests involved. These difficulties are likely to continue after the association starts work.

Cooperators Are Balky

A move toward setting up a national apple marketing association has been started by the formation of an unofficial advisory committee; but, at the outset, it has been apparent that the apple growers are cagey about Farm Board dictation and intent upon preserving their existing marketing machinery. Producers and raisin handlers have finally been brought together in a California raisin pool. On the whole, however, it is evident that the Board's program of organizing every major commodity into single national marketing units is being less enthusiastically received and is going to take a longer time to work out than was expected.

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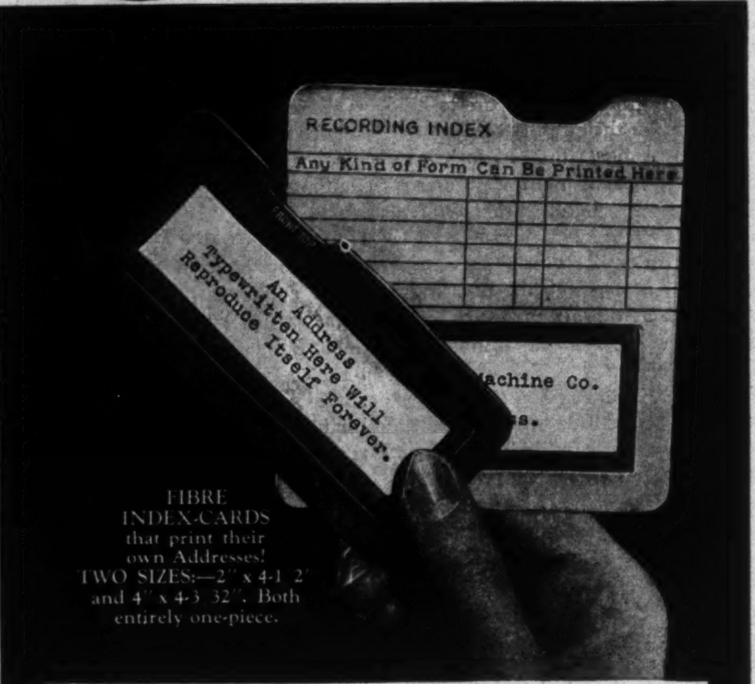
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New England Exports Rise

SOME 2,000 New England manufacturers sell some part of their products abroad; over 700 sell from 5% to 50% in foreign markets; 770 are increasing their foreign business; 735 are retaining their present volume; 378 are selling decreasing amounts abroad.

These encouraging figures were revealed at the first All New England Export Conference held in Boston recently and were the results of a survey made by the Department of Commerce in cooperation with the New England Council.

About half of New England's exports are made by 34 firms, each of which sells abroad over $1,000,000 of goods annually; 266 concerns export over $100,000 each year and account for 80% of the total. Of the 2,000 exporters, 437 sell 10% or more of their output abroad and thus are far above the country average in ratio of exports to output.

Metal Products Lead

Metal products, exclusive of machinery, constitute the largest export product; then comes machinery; animal products, inedible, including leather and hides; textiles are fourth. These four groups make up 65% of exporting firms reporting and represent 78% of total value of exports from New England.

In voicing his fear of high tariffs as a threat against further development of export trade, Paul M. Mazur, Lehman Brothers, told the meeting that, for every dollar by which American imports are reduced, export will be decreased. He pointed out that we have possessed both high tariff and export surpluses for 75 years but that now we have become a creditor nation rather than one in debt. During the past 10 years, he said we have maintained an export surplus by financing it through foreign loans. This cannot go on forever, and in the future imports will govern exports, he maintains.

That Chain Dollar

THE national drug chain, whose distribution of the consumer's dollar was listed on page 15 of the May 7 issue of *The Business Week*, sends 65c. to the manufacturers, not 77½c. as a typographical error made us say.

Swift Survey of Business Abroad

EUROPE

By Special Cable to The Business Week

NOTWITHSTANDING the extraordinary amount of capital mobilized preparatory to the offering of International Bank shares and Young bonds, money remains ample at the lowest rates since the war. This plethora of idle funds itself is an index of the degree of business lassitude which exists and the new lower price ratios. On the other hand, it is in itself a condition facilitating revival. There is no lack of adverse criticism of the flotation of the Young bond issue under prevailing conditions. J. M. Keynes stigmatizes the issue as one of the stupidest conceivable undertakings. The condemnation is not unjustified, comments the German *Volkswirt*, "since the world's money markets for months are dislocated in order to prepare for the flotation of an issue without economic occasion. The purpose belongs to a chapter of postwar economic idiocy for political motives." Nevertheless, now that financial preparations have been made and only technical difficulties protract final arrangements, business only wants to get the issue out of the way, from capital markets. Oversubscription by France is considered assured and no material difficulty is anticipated in marketing the other European quotas, but response in the United States is queried. Whereas at the time of the Paris conference, participation of the United States was considered an indispensable backbone, it is now pointed out that the whole issue could be readily placed in Europe were the French desire to make the United States a joint stockholder in her reparations claims disregarded, and French readiness to subscribe accepted.

Failure of business to realize the usual degree of spring revival has dampened optimism. Realization is penetrating that no rapid recovery is probable. Instead, a protracted period of restricted production and trade is in prospect until world purchasing power gradually recovers the losses suffered through the collapse of the price ceiling. Recurrent relapses of pessimism, however, exaggerate the difficulties. It is anticipated that the summer season will be marked by a high degree of financial activity stimulating business initiative and gradual expansion of turnover.

Iron and steel conditions are reported unsatisfactory throughout Europe, except in France, where the domestic market is relatively strong. Except in France, present production quotas exceed market demands. The steel cartel is internally strained by the desire, particularly among the Germans, to reduce quotas 25%, which would further tend to create a production deficit in France and allow for greater imports. The French naturally are opposed to allowing less favorable conditions in Germany and elsewhere to operate toward restriction of their production below home sales possibilities.

By Special Cable to The Business Week

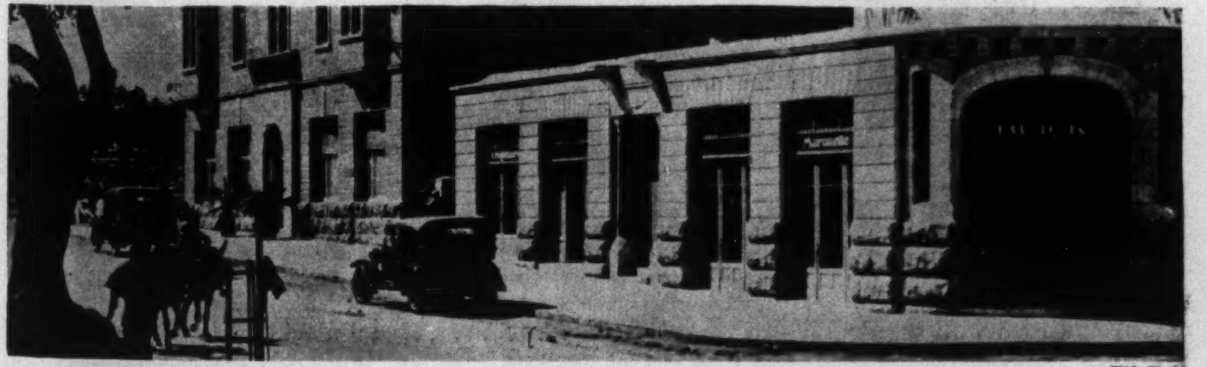
Great Britain—It is not impossible that business will take heart, once the Young bond issue is out of the way and financial markets are again normalized, but for the moment, sentiment is distinctly gloomy. During the week, London lost another $20 millions in gold to Paris. Because London's key position as a financial center is founded upon the solidarity of sterling exchange, such losses always exercise a disproportionately depressing psychological effect. They are now accentuated, because no further large African or Australian arrivals of gold, such as offset recent losses, are scheduled. Foreign trade returns add gloom with April the worst month since the 1926 strike year. Relatively heavy new issues under these psychologically adverse conditions cause some financial indigestion although there is still good response to certain delicacies. Of eight new issues, six, including the Irish loan, are left on the hands of the underwriters in amounts ranging from 42% to 87% of the total. Two, including the Japanese loan, were oversubscribed.

Industrial reports emphasize the hand-to-mouth character of buying, restricted continental demand, and excessively sharp competition over what business is available. Several individual woolen mills have compromised on wage disputes and resumed activity.

By Special Cable to The Business Week

France—Business is featureless and tranquil. The stock market is marking time. Interest is absorbed in the International Bank and Young bond issues. Threefold oversubscription of the French quota of $80 millions to $90 millions is expected. Progressive liquidation of foreign obligations, utilizing a share of the Young bond proceeds and large treasury and sinking fund surpluses, are expected during the year. This will reduce capital congestion.

The most recent production index for the end of March was 144 compared with the 1929 average of 139. Building and iron and steel are each up two points; automobiles, 15. For-



Wide World

Station Road, Jerusalem, with the ever present donkeys on the left—and the General Motors Building on the right. Last year 1361 American automobiles valued at $1,955,000 were sold in Palestine and Syria. The total motor vehicles number 12,367 which run around on 6,271 miles of improved road

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eign trade for the first four months shows imports down 8% by value but up 2,400,000 tons by weight, notably in raw materials, an index of manufacturing activity. Exports are slightly lower both in value and weight. The railroads plan to ask for a 20% increase in passenger, and a 6% increase in freight, rates, due to unsatisfactory results of operations last year. As a consequence of the recent increase in automobile tariffs, the local General Motors dismissed 76 employees and discontinued advertising. Other dealers are similarly economizing in overhead. The situation for the American automotive trade is worse than was at first anticipated. The position of the Ford assembly plant, however, is relatively favorable because it imported heavy stocks of parts prior to the tariff increase and now is negotiating with French steel works for future requirements, thus minimizing imports.

By Special Cable to The Business Week

Holland—Business is generally dull with money again very easy and the stock exchange lifeless. The deepening depression in Germany is viewed with uneasiness; likewise the favorable reception of Young bonds is not assured, since, unless there is a higher yield than is so far indicated, they are of little interest to the investor. Twentschebank, Holland's third largest, with 11 branches, has merged six provincial banks with 40 branches, thus marking another step in banking concentration.

By Special Cable to The Business Week

Germany — Although the stronger tone on the stock market is sustained, current business indicators still fail to show improvement. The feebleness of agricultural purchasing power and the estimated 20% decrease in capital available for building, compared with the amount that was available last year —equivalent to an employment cut of half a million—are the two principal factors underlying the contraction of industrial activity. April exports show a relapse from the March peak, though the balance is still favorable.

After a fortnight's hesitation, the Reichsbank followed the recent international trend in bank rate reductions with a cut from 5% to 4½%. Since private discounts are shading 4%, lowest levels since the war, the reduction was only a partial realignment of the bank rate to the market, and is without material business effect. A greater reduction, which possibly was justified by domestic conditions, was foregone in order least to distu eign balances now maintain Germany. The decline in mone however, is viewed with appr by private banks whose overhe eats up 80% of gross earnings c pared with 40% during prewar y For reasons of competitive prestige larger banks this year maintaine dividends (usually 10%), but forced to draw upon reserves to [illegible] Prevailing conditions will no doubt further accentuate the present trend toward bank amalgamation.

Express and baggage rates will probably be advanced June 1, but the general increase in freight and passenger rates, requested by state railways in order to offset a loss of $40 millions in revenues for the first quarter, has been deferred. It seems probable that demands of the zinc industry for a duty of $15 a ton will be satisfied. The tariff will be effective, however, only when London prices are below $110. As the price approaches $125, the duty diminishes to the vanishing point. The week was marked by two interesting electrical developments. A. E. G., representing General Electric interests in Germany, secured control of two Saxon manufacturers of high-tension equipment—Poege A. G. and its affiliated Sachsenwerke (*The Business Week*, May 21). This ruptures the policy of parity in development which had existed between A. E. G. and Siemens, in which General Electric likewise is a bondholder. Secondly, a cooperative agreement was announced between Siemens and the L. M. Ericsson Telefonaktiebolaget of Sweden for the development of virtually monopolistic control in the telephone system of Greece, recently secured by Siemens when Ericsson withdrew tenders.

By Special Cable to The Business Week

Italy—*The Business Week* is authoritatively informed that increases in automobile duties, recently rumored as pending, have been decided upon. Their extent and date of inauguration are still unannounced. The move comes as a result of pressure from potent Fiat Co. Actual sales of American cars in 1929 are estimated at 5,200, and represent 100% increase over 1925 totals. Sales of all other imported makes totaled only 3,000 units.

Further United States financing is in sight. Chase Securities will lend to the city of Genoa $1½ millions, the proceeds probably to be used to consolidate outstanding Dillon, Read-Blair loans;

house, whose President Os- was recently in Milan, holds to of the month an option which will be exercised to secure interest in Tecnomasio Italiano Boveri, most important manu- urer of electric machinery in Italy.

LATIN AMERICA

ness continues to be more inter- than optimistic over the outlook Latin America. Argentina was again represented in the New York money market with the offering of $4,000,000 Province of Santa Fé, 9-months, 6% treasury notes by the Chatham Phenix Corporation. The Buenos Aires Municipal Council definitely approved a $12-million loan. Underwriters have not been named. *La Nacion*, on May 15, stated that Argentina's long-term loan can scarcely be expected until autumn, and now names $70 millions, rather than $100 millions, as the total. Delay is probably due in large part to continued lack of receptiveness to Latin American issues on most world markets.

Pending final action in Paris on the world nitrate cartel, Chile is organizing independent nitrate producers into a National Nitrate Association which will amalgamate 90% of all plants with the government as a shareholder.

Mexico—The country is climbing back into the limelight of favorable publicity following several strategic moves by the new government which business is accepting as omens of stable progress. Former President Calles has outlined an aggressive program for reorganization of the Mexican National Railways. The government is frankly facing the delinquent debt situation, knowing that settlement is necessary before new loans can successfully be marketed. Roadbuilding, under a carefully considered program to bring quickest and most effective returns, continues, though somewhat restricted by limited government revenues.

Reporting conditions in the country, Wallace Thompson, editor of *Electricidad en América*, in his confidential bulletin sent recently from Mexico City, stresses the fact that the Mexican workingman is becoming a very self-respecting individual with a rapidly-expanding buying-power. Indicative figures from the Mexican Light and Power Company show 151,758 consumers in the federal district this year compared with 138,598 in 1929, and 127,947 in 1928. Consumers at residential rates jumped from 12,068 in 1928 using 35,032 kilowatts, to 15,794 in 1930 using 44,659.

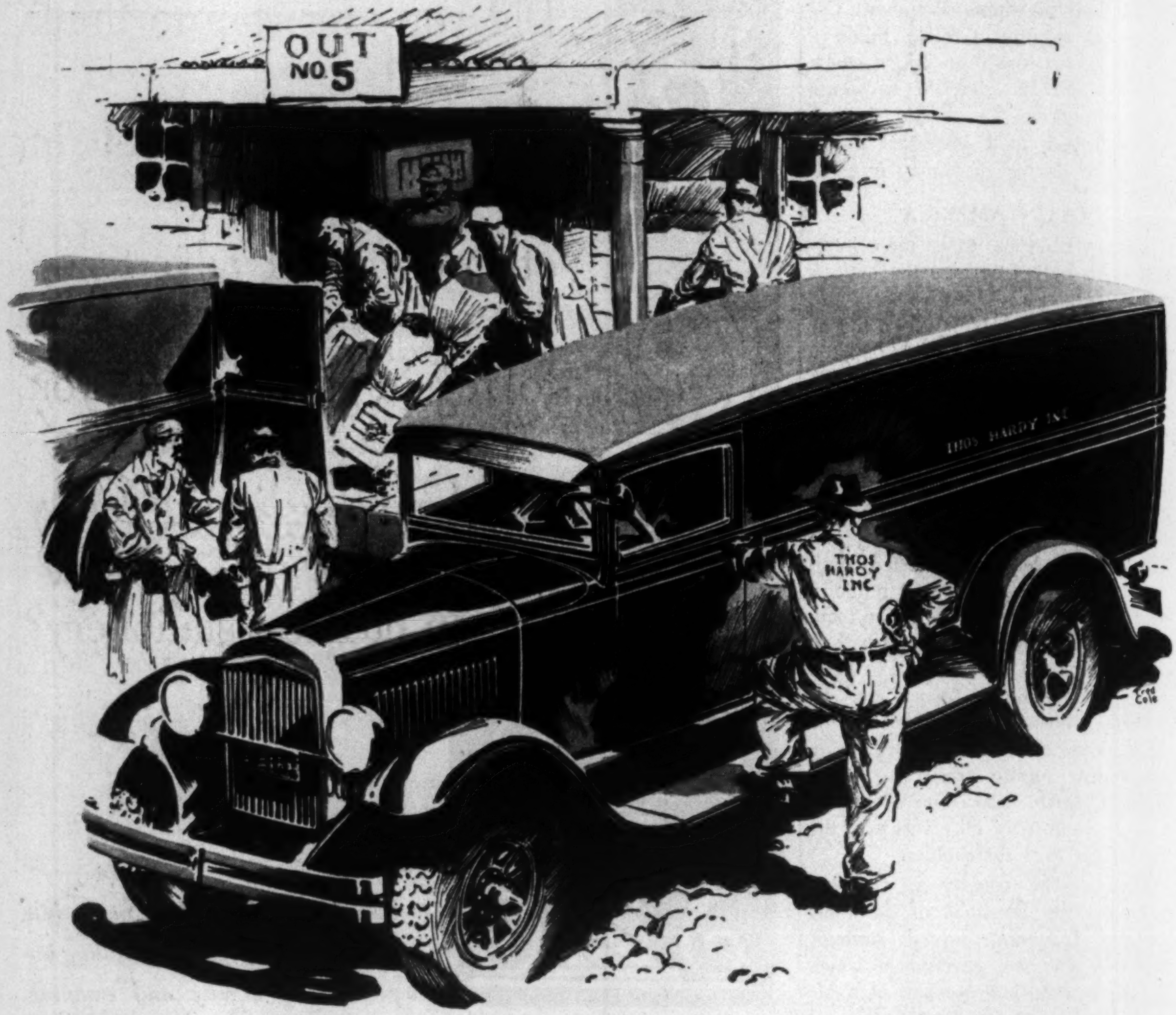
Did you ever stop to think what it would cost you in other forms of advertising to regain the prestige you lose by using indifferently chosen business stationery?

Crane's Bond—a 100% new white rag paper—carries an unfailing impression of dignity and standing. Crisp, sturdy, important—it is a paper to build prestige and good will among your letter contacts. To be sure, it costs a little more than an ordinary good paper—but that little is an incontestably sound investment.

CRANE'S
BOND

For Executive letterheads and envelopes

CRANE & CO., INC. · DALTON, MASSACHUSETTS



. . . SAVING ON EVERY MILE RUN— EARNING ON EVERY DOLLAR INVESTED

Business men with critical judgments have proved and re-proved the economy of their Dodge Trucks. They have found these workers economical not alone in cost of operation or in cost of upkeep or in first cost or in ability to serve long, but in these essentials combined—all true gauges of truck economy.

See and inspect Dodge Trucks. See business men who own them. Ask their candid opinions. Check the reports you get against your findings on any other truck.

You can buy your Dodge Truck complete. For any load from ½ ton to 3 tons there is a chassis and body to fit. All types are economical, all are speedy, all are easy to operate, all are good-looking. Any type you select will bring a high return on every dollar you invest in it.

DODGE TRUCKS

What the Figures Show

THE BUSINESS WEEK INDEX OF GENERAL ACTIVITY	*Latest Week*	*Preceding Week*	*Year Ago*
THE BUSINESS WEEK INDEX OF GENERAL ACTIVITY	*97.9	‡96.6	108.3
Production			
Steel Mill Operation (% capacity)	**75**	**76**	**96**
Building Contracts (F. W. Dodge, daily average in thousands, 4 weeks basis)	**$19,645**	**$18,834**	**$21,308**
Bituminous Coal (daily average, 1,000 tons)	***1,382**	**‡1,389**	**1,544**
Petroleum (daily average, 1,000 bbls.)	**2,608**	**2,595**	**2,644**
Total Electric Power, millions kw.-hr.	***1,855**	***1,840**	**1,855**
Trade			
Car Loadings (daily average, all classes, 1,000 cars)	**156**	**157**	**175**
Check Payments (outside N. Y. City, millions)	**$5,486**	**$6,209**	**$6,115**
Wheat Receipts (1,000 bushels)	**3,048**	**3,733**	**4,033**
Cotton Receipts (1,000 bales)	**129**	**84**	**96**
Cattle Receipts (1,000 head)	***148**	**‡157**	**146**
Hog Receipts (1,000 head)	***510**	**‡487**	**480**
Wool Receipts (1,000 lbs.)	**6,160**	**4,168**	**6,454**
***Prices** (Average for the Week)*			
Wheat (No.2, hard winter, Kansas City, bu.)	**$ .98**	**$ .96**	**$1.03**
Cotton (middling, New York, lb.)	**$ .164**	**$ .165**	**$ .197**
Iron and Steel (composite, ton)	**$33.56**	**$33.84**	**$37.13**
Copper (electrolytic, lb.)	**$ .127**	**$ .124**	**$ .178**
All Commodities (Fisher's Index, 1926-100)	**88.7**	**89.0**	**95.9**
Finance			
Total Loans and Discounts, Federal Reserve member banks (millions)	**$16,806**	**$16,852**	**$16,301**
Commercial Loans, Federal Reserve member banks (millions)	**$8,560**	**$8,593**	**$9,079**
Brokers' Loans, New York Federal Reserve member banks (millions)	**$4,015**	**$4,015**	**$5,520**
Federal Reserve System Ratio	**83.5**	**83.5**	**75.9**
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	**14,457**	**25,977**	**19,639**
Stock Prices (N. Y. Times, average 50 stocks)	**$228.08**	**$222.05**	**$248.99**
Bonds Sold (N. Y. Stock Exchange, par value thousands)	**$47,002**	**$61,629**	**$45,388**
Bond Prices (Dow, Jones, average 40 bonds)	**$95.17**	**$95.05**	**$94.33**
Interest Rates—Call Loans (daily average)	**3.0%**	**3.2%**	**9.2%**
Interest Rates—Time Loans (daily average)	**3½-3¾%**	**3¾%**	**8¾-9%**
Business Failures (Dun, number)	**517**	**525**	**475**

***Preliminary** **‡Revised**

THE general level of business activity shows further improvement and has approached the normal level for the season and the year more closely than at any time since the brief and erratic spurt in the first weeks of January. This improvement appears to be due chiefly to the fact that basic industrial activity has somewhat resisted the declining tendency usual at this time of the year. General trade is still somewhat slack, but there are indications of improvement in retail buying. Commodity prices are still weak, but the rate of decline is smaller.

Business Index Near Normal

The Business Week's preliminary index of general business activity for the week ended May 17 has risen to nearly 98% of normal as compared with the final revised figure of 96.6% for the preceding week. The index for the corresponding week last year was 108.3% of normal. The nearness of this week's figure to normal may be temporary, but increases in three successive weeks indicate that the general trend is still upward.

The rate of steel ingot production continued to decline and is slightly below 75% of capacity, which compares with about 76% in the preceding week. The decrease is attributed to cuts by independents, as the Steel Corporation is maintaining an almost constant rate of about 80%. A decline in steel activity is usual from about the end of April to the middle of July, but the falling off this year has been more gradual than in most earlier years, and only slightly more pronounced than in 1929. The current level of steel operations is still relatively high. *The Business Week's* index, adjusted for seasonal fluctuations and year to year growth, is now 1.4% above normal.

The Outlook for Steel

The real question is whether the upturn after July will be as marked as usual. It is probable that automotive steel demand has passed its highest peak for the year. Agricultural implement demand is hesitant in face of uncertain crop prospects. Rail production has begun to decrease earlier than usual and new railroad equipment orders are becoming scarcer with little prospect of marked improvement later in the year unless railroad traffic and earnings pick up sharply. Steel activity is being sustained now chiefly by pipe line, highway and heavy construction requirements. Structural steel awards in the past week were about 51,000 tons, an encouragingly high figure. Competition for business is becoming more aggressive and prices continue to decline.

Final figures for April automobile production were encouraging. The total output of 442,630 cars and trucks in the United States was largest for the month in any year except 1929. Retail sales, as measured by registrations, have shown a steady improvement since the beginning of the year. March passenger car and truck registrations were highest for the month in any year except 1929. Stocks of new passenger cars on April 1 were approximately 466,000, an average of less than nine new cars per dealer.

Building activity continues its moderate upward trend. The latest four-weeks daily average of general building contracts, based on F. W. Dodge figures, is only about 8% below last year, although our index of building activity is still more than 10% below normal. Heavy construction contract awards, according to *Engineering News-Record* figures, have fallen off for the week ended May 22, but the cumulative total to date this year is less than 20% below last year.

Electric power production, though practically at last year's level for this week, is showing about the usual upward seasonal trend and, according to *The Business Week's* index, is more than 3% above normal for the season and the year.

Bituminous coal production is moving along about as usual at this season, although it continues at about 20% below normal for the year. Stocks, however, are unusually low and any increase in industrial activity is likely to be reflected in increased coal output. Petroleum production is at a somewhat higher rate for the latest week.

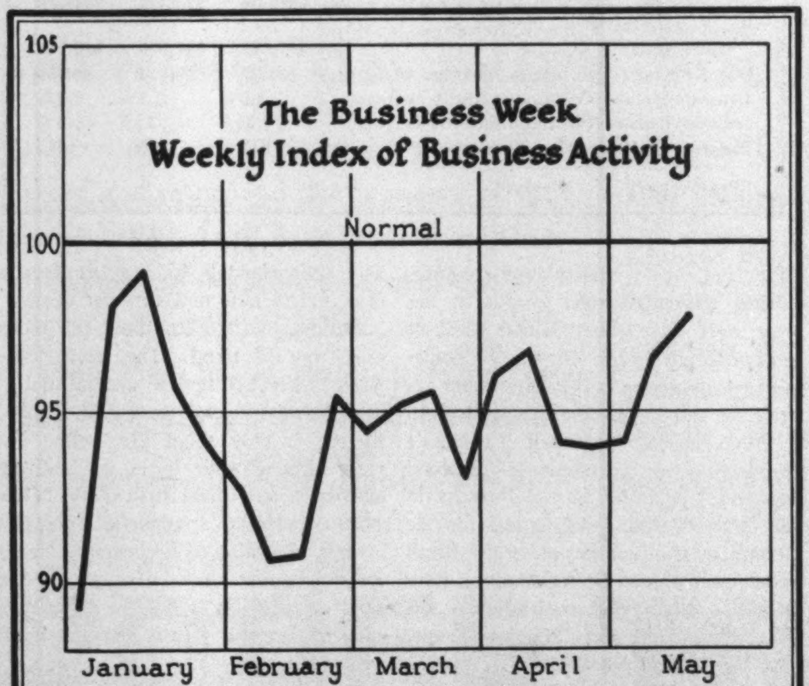
Prices Decline, But Slowly

The general commodity price level continues to decline, but more slowly. Wheat prices are holding fairly steady under the influence of Farm Board absorption of cash wheat and the uncertain weather prospects. Cotton prices also are holding up fairly well at current levels. Iron and steel prices continue to decline as they have during the past three months. The copper price is steady at 13 cents, although buying, especially for domestic consumption, has shown a tendency to slacken following the spurt during the few days when the price fell below 13 cents.

The Fisher all-commodity index as well as the National Fertilizer Association index showed a further decline for the week. The fairly stable level in copper, cotton and wheat, and the marked strengthening in raw wool prices, however, has resulted in a more general feeling that further marked decline in the commodity price level is unlikely.

The general trade indicators are still somewhat indefinite as evidence of marked improvement. Total carloadings declined slightly for the week and are 11% below last year's level, as well as about 7% below the 1928 level. Non-bulk loadings also made a disappointing showing for the latest week, with a decline which leaves them 8.8% below 1929 and 6.2% below 1928. Our index of this group of carloadings is still about 10% below normal, but marked seasonal increase in carloadings is not usual before the end of May.

Check payments outside of New York City decreased for the week and are about 10% below last year. Our index, however, taking account of lower price levels, as well as seasonal fluctuations and year to year growth, is somewhat higher for the week and more than 6% above normal. In 131 cities outside the ten main financial centers check payments are only about 5% below last year in value. When declines in prices are allowed for in this and other measures of the dollar value of business it is probable that the total volume of turnover is fairly comparable with a year ago. Currency in circulation was slightly lower for the latest week but only about 3% below normal when changes in price levels are allowed for. Commercial loans continued to decline, but according to our index are only slightly below normal because of the markedly lower level of commodity prices.



THE chart on this page shows the course of *The Business Week's* weekly index of general business activity since the beginning of 1930. The index is based on eight series of weekly figures, four measuring general productive activity and four measuring general trade. It shows the current level of the volume of business during a period covering the two weeks preceding the date of issue, as compared with the normal for the season and the year. Normal, represented by 100, is what the current volume of general business activity should be if the usual seasonal changes and year-to-year growth had occurred. For further explanation of the nature, purpose and method of computation of the index see *The Business Week*, May 7, 1930, page 31.

The number of commercial failures remains at fairly high levels, with somewhat less than the usual seasonal tendency to decline.

Exports in April, $334 millions, were lowest for the month since 1923 and lowest for any month in the past five years. Imports, $308 millions, were lowest for the month since 1922 and also less in value than those of any month in the past five years excepting this February. As compared with last April, exports and imports showed the largest decreases between any two years since the drastic deflation period in 1920-21. As compared with the previous month, however, the showing was not so bad. The decrease in exports between the two months was less than in the past five years, while imports showed an increase between March and April. This increase, somewhat unusual, may indicate increased industrial activity.

Employment Fluctuations Slight

Total employment in the thirteen industrial groups covered by the Bureau of Labor Statistics in April was 0.2% below March and payrolls 0.7% below. There is usually little change or a slight decline in employment between March and April. This year there were seasonal decreases in manufacturing, bituminous coal mining, metal mining, petroleum production, telephone and telegraph operation, wholesale trade and hotels, but increases in anthracite mining, quarrying, electric railroads, public utilities, retail trade and canning. The Bureau also says that there was undoubtedly an increase in building employment, not covered in its figures.

Daily reports to Business Headquarters
. . . from every front!

NO general would dream of directing his army without daily reports to headquarters. And thousands of successful business heads direct their enterprises in the same sure way.

Reports from each department

These executives chart progress on the basis of figures kept up-to-date . . . boiled-down reports of the status of every department, placed on their desks at nine o'clock every morning.

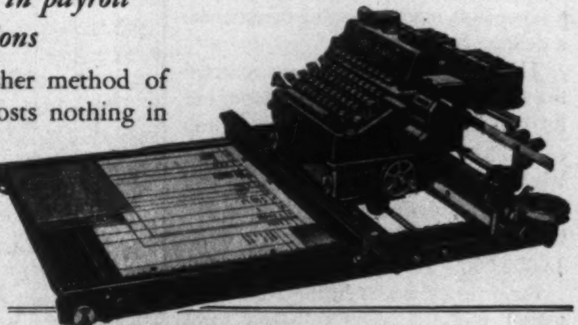
With Elliott-Fisher they *know* every day exactly where business stood the day before — week in and week out. No guesswork to it. And their firms are noted for good management.

Elliott-Fisher gives the daily check on sales, inventories, shipments, cash on hand, accounts receivable, accounts payable, etc., so necessary for sound judgment in making business decisions.

Costs nothing in payroll additions

Yet the Elliott-Fisher method of business control costs nothing in payroll additions. In most cases where this equipment is installed, fewer people can do more work. It merely brings your accounting methods together in a single efficient, unified plan.

Let us tell you how Elliott-Fisher is serving businesses similar to yours. The coupon below will bring full information.



The Elliott-Fisher flat surface accounting-writing machine

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Money and the Market

THE stock market was dull this week, duller even than last week. Money continued to ease both at home and abroad. The bond market accompanied stocks down the quiet road.

Stock prices generally declined irregularly. Leading industrial and utility issues were weakest. Rails were a bit stronger, and held about the level of last week. The volume of sales averaged only a little more than 2 millions, and on Thursday even got below that total.

Day-to-day traders are tired of playing with each other and are unable to interest anyone else. Money is plentiful and cheap, but it has been plentiful and cheap all of this year. The market had its fling on cheap money, then dropped back where it started the first of the year.

Business news is uneventful, which is natural at this season. But even though it be the natural thing, and the truth be that business actually isn't so bad, the market appears determined to wait for an actual upturn. Under these conditions, the expectation grows that the market will be a dull affair for some weeks. Second quarter earnings are not expected to provide any stimulus for stocks except in isolated cases. However, the plethora of money is an underminable factor, even though it is proved to be only a contributory one.

Buyers Wait for Upturn

Many advisers are pointing to the axiom that it pays to buy when stocks are cheap. Potential buyers are convinced that there's no hurry, though. They're holding up commitments, feeling they would rather pay the price of a few points more to see the market take a definite trend.

The change in brokers' loans reflected the market dullness in an increase of but $8,000,000. This, coming after a drop of $267,000,000 in the two preceding weeks is a very slight movement, and probably only natural balancing. The total of these loans remains just above $4,000,000.

Rates turned easier in the New York money market. Time collateral loans twice eased, coming down to 3% and 3¾%. Bankers, acceptances declined ⅛% to 2½@2⅜. Both of these quotations are for shorter maturities, the longer bills easing proportionally. Call money was unvaried at 3%. This quotation has not changed since May 6.

Through the country, easing continues irregularly and slightly. Telegraphic reports to *The Business Week* show rates to be a little lower in most of the Federal Reserve districts. Like mortgage money rates, these markets react quite slowly to changes, while the open market in New York fluctuates immediately.

Member banks reporting to the Federal Reserve system showed very little change in their accounts. Both commercial loans and security loans declined a little. Investments showed a slight increase. The reporting member banks in New York City remained completely out of debt to the Federal Reserve system for the second consecutive week.

Gold Imports

Gold continued to come in from abroad at both New York and San Francisco. New York imports totaled $2,515,000, almost all of which came from Peru. Gold earmarked for foreign account decreased $2,000,000 in addition. A considerable amount of the metal came into the California port from the Orient. Continually increasing gold stocks accentuate the credit ease resulting from lack of demand.

The Federal Reserve banks were almost inactive. Total credit outstanding showed an increase of $11,000,000, resulting from an increase in holdings of bankers' acceptances. The Reserve bank did not follow the cut in rates in acceptances which occurred in the open market. The change was entirely due to movements at the New York Reserve institution. Composite figures for the remaining banks showed almost no change.

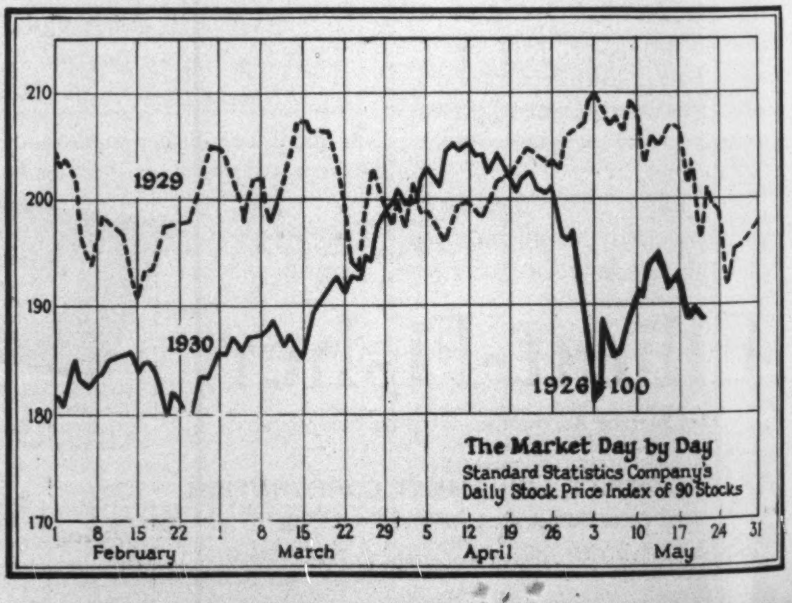
There was some expectation this week of another cut in central bank rates at London and New York. But Thursday meetings brought no announcement from either institution. Rumors are afloat that the Bank of England wants to cut its rate again, but is unwilling to do so unless accompanied by other central institutions.

The Situation in Europe

Abroad, two more central banks followed the trend downward. The Reichsbank made the long-expected cut in its discount rate to 4½% from 5%. A paradoxical situation exists there, with open market rates at lowest levels since the World War, but with an actual shortage of capital and funds for long-term investment. The Bank of Italy also lowered its rate, to 5½% from 6%.

The Bank of England showed the largest loss in gold reserves in several months, the decine being more than $20,000,000. The flow of gold to France, due to mobilization of funds for the World Bank share offering, and tax payments sent franc exchange strongly against the pound. As the week ended, however, there were indications that the move was ended. The Bank of France has served notice it does not favor further additions to its gold hoard and the mobilization movement seems over.

Foreign exchanges against the dollar changed but little in the week. Francs and marks worked a little lower, and touched the lowest point in a month, then rallied a little. Sterling firmed up slightly.



The Dublin Letters

To Mr. George Clark, Treasurer and General Manager of the Dublin Advertising Agency, Discussing Further the Technique of Retiring from Business

The "Hawk's Nest"
New Hampshire
August, 1927

Dear George:

Continuing the subject of my retirement and the complications which have arisen. My disposition seems to have slowed down. Phil's letter pawed me and paused me into a much more *largo* mood. Originally I pictured myself taking a graceful parachute jump out of the business, but now I'm convinced the escape won't be so pretty and dramatic. I guess I'll have to back out inch by inch.

For the past few days I have been pondering Joseph Pulitzer—through a mist of envy. Something much more than a newspaper publisher, this man. A great soul. Not enough appreciated in these times of dinky little success patterns and their spatter-work of repainted Ben Franklin mottoes. Pulitzer's life is worth a whole library of how-to-do-it books and business man inspirational sozzle. If you suffer or wrestle a mean problem, the memory of that man tightens the bolts of resolve. Courage is the spiritual monkey-wrench that keeps our whole moral assembly from falling apart.

Pulitzer had it. A mysterious and unquitting master at the end of cables, letters, abrupt messages; always in magic touch, yet never at hand; a disembodied force, a legend, a Jove on a yacht unloosening his thunderbolts of fancy and vision—yet a human being like the rest of us and sicker than most. Stirs the childish longing to imitate.

Foolish and futile, of course. Good luck for him that his customers didn't expect him to be at the news-stand every morning to assure them the editorial copy was first rate and argue with them over every headline in *The World*. The *quality* of the stuff was its own *authority* and didn't have to be personally conducted—like ad copy. Ad agency customers would get very sore if ad makers took up yachting. A yacht is too damn inaccessible if a client gets the idea at 11.10 that he has to have a conference at 11.15. A little ride to Larchmont in a put-put is about the limit for the old salt adman.

For myself, I dislike yachts. I don't get seasick on boats, but I get homesick for land. The sight of sea gulls, even, always makes me blue. If I tried to run the Agency off a yacht I wouldn't let the captain go farther north than Yonkers and the lower deadline would be the Battery. I could get the same effect much cheaper by hiring an apartment on Riverside Drive and naming it the Minnie B.

So the grandeur of the Pulitzer saga evades plagiarism by a mere Jim Dublin who wants to scuttle out of his advertising agency without scuttling the business.

Yet there's a drift of thought here.

I feel it would be unwise and unfair for me to make an abrupt withdrawal from our affairs. At the same time I realize that we can't test the organization timbers unless the stress is applied, that is, unless I am willing to drop the load I carry and allow other men to distribute it among themselves and lug it. Unquestionably every punkin seed of an idea, administrative war-whoop, eye-filling gesture and weight-lifting decision the Chief himself undertakes to generate and promote is just so much that the organization won't do or will be *prevented from doing*.

I suppose you recognize this trite and almost mathematical truth quite as well as I do. And I suppose your answer is: "All right, you damned old fool, let go the rope and we'll take in the slack."

Well, I want to let go. But I don't want to let go and run. I prefer to stick around and watch. I might even desire to say a mouthful now and then. Because, to be plain, I expect to sell the Agency to you fellers to a good extent on tick. When you hold a fistful of people's notes you naturally take an interest in what they're up to. That's legitimate and doesn't necessarily show you're mean.

In fact I am anxious to pay my purchasing associates—you, Ben Frost and Archie Bellamy, and Phil Bailey, if he rides along—my affectionate respects by the terms of the sale. I am ready to let you set the price. Then, after you have figured how much you think the Agency is worth, I'll make the terms—and I am going to make them just as easy as I can. For instance

Is there a Jekyll-Hyde coming to work for you?

There's a dual personality in most of us—a good and a *better self*—or a good and *weaker self*. All "trusted" employees are not trustworthy. Those who are, welcome a Fidelity Bond as a sign that all's well. Why wait then to bond your employees, until under stress, somebody makes off with the cash-box?

Ætna writes practically every form of Insurance and Fidelity and Surety Bonds. Ætna protection reaches from coast to coast through 20,000 agents. The Ætna agent in your community is a man worth knowing. Look him up!

ÆTNA

The Ætna Casualty and Surety Company affiliated with The Ætna Life Insurance Company • The Automobile Insurance Company • The Standard Fire Insurance Company of Hartford, Connecticut

ÆTNA-IZE

★ **TOP-HOLE TESTIMONIAL . . .** ★

for Every Executive in Industry

"Dear Mr..................:

"The work done in both plants (by MacDonald Bros. Inc., Engineers, Boston) covers the questions of reducing costs by better division in the organization of duties, reducing labor costs, improvement of personnel, and the re-arrangement and suggestions in which one executive is made to do the work of three, re-arrangement of departments, better methods and the use of better tools of management generally. The reports made were of great value and we believe substantially correct. It is remarkable that an organization in so short a time can see so much and give so much sound advice. Their first value is their detached viewpoint. The recommendations are 95% sound and where any are off, it invariably arises from the impossibility of getting into some underlying facts in so short a time. I will say that if you follow their recommendations together with your own slight corrections, you will be greatly benefited by them.

"Here comes the test, however, for you will find it hard to be open-minded enough to abandon some pet obsessions and superfluities that have attached themselves barnacle-like to your organization. It is hard to accept with little reservations the recommendations of outsiders. You will find, however, that they are outsiders in the basic sense of the word and it is the inside baseball of management that they bring you. To be sure, and it is their virtue, they have an unbiased detached viewpoint.

"The thing they are liable to show up is a lack of moral courage to do the thing which you always knew to be the right thing to do. A farmer in Kansas refused to subscribe for a farm paper whose main object was more profitable farming, because, he said, 'I am not farming as well as I know how now.' That goes right to the root of management. In by far the majority of situations, they will make you do the things which you know to be right and a great many other things you can't see because of familiarity. I failed to make $750,000 because I was so close to our affairs, I could not see the possibilities of a stock rise. Both our virtues and defects are not clear to us because we are too close to our problems. They will help to detach you from yourself. With some of us, that is about all that is necessary to bring success.

"These damnable grooves and blind alleys we are in are the most insidious underminers of our organization. Next to that, organizations are continually gathering superfluous habits, customs, methods and personnel. How to see them, how to blast them out, how to free ourselves of this ballast, is the reason for engaging MacDonald Brothers.

"It seems to me that if in a question so simple as bookkeeping, we need auditors yearly, why, in so subtle a thing as management should we not have outsiders advise and bring to bear on our perplexing problems of management all the information available.

"This letter is already too long. We are satisfied they can be of service to you.

Yours very truly,

..........................*"

***Letter written by a nationally known engineer and captain of industry in answer to an inquiry from another industrial executive. We believe it is better testimony than anything we could say here for ourselves. MacDonald Bros., Inc., Engineers, 140 Federal Street, Boston, Mass.—New York, Chicago, Cleveland, Charlotte, N. C.**

★ ★

▼ ▼ ▼

● **My engineering training has been applied to Sales Management—Advertising—Sales Promotion.**

A graduate engineer with a clean record of twenty years' experience in industrial work and sales management desires to establish a new connection with a first class organization.

Always a personal producer, my duties in recent year have included the management of sales promotion, and extensive dealings with salesmen, distributors and executives of industrial concerns.

My personal character and record of achievement are open books—inviting the closest scrutiny. I offer a congenial temperament, a wide and valuable acquaintance from Coast to Coast, good health, and settled habits.

Past earnings have been in terms of five figures. Age 43 years, married, and at present residing in New York City.

Box 525, c/o THE BUSINESS WEEK.

▼ ▼ ▼

SUBSCRIPTION COUPON

If you want THE BUSINESS WEEK to come to you regularly every week, please fill in this coupon and mail to
475 TENTH AVENUE,
NEW YORK, N. Y.

Name: ____________________

Address: ____________________

Title: ____________________

Firm: ____________________

If your remittance ($5.00 a year) is not enclosed we will bill you. Foreign Postage $1.00 a year extra.

30 or 40% cash and the balance in 3 years or so. Stretched out so that earnings will cover the payments.

I want every man in on the deal to feel that he is benefiting without exposing himself to a pinch-penny and worrisome hardship.

Everybody sitting on a piece of plush is the comforting sensation I want to create. Nobody waking up every morning with the groan: "My God, another day in hock." Just a steady harmonious pull and the first thing you know Agency all paid for—and yours, lock, stock, and barrel. Then maybe you'll give me a testimonial dinner.

Get this? It's as clear as I can make it now in the absence of figures, details and definite chin-wagging.

So, as I said, I'd like to drop the burden, but still hover about the premises like that ground sparrow in my pasture I told you about. I think I can handle my part by correspondence, keeping the body out of the picture and the routine—except at strategic moments. My rough estimate is that I control about $5,000,000 worth of billing, accounts that stay in the place because they like the way my watch chain drapes over the vest or the swing of my leg over the arm of a chair or because they think there's still a seven or eleven in the old dice-box if they give it another rattle. These accounts will have to be carefully weaned over to some of our more active geniuses in the Dublin outfit.

In touch, but not within reach is the method I propose trying. Personal appearance infrequent but timely, so the competers can't send me smilax and bury me and the customers do more wondering than is good for the cause. Our own organization to be self-winding.

How's this strike you? There's a plus or two in handling the organization by mail instead of dishing the stuff off the personal shirt front. One is when you write a man a letter he can't come around a week later and say you didn't say it. And he can't give you much of an argument either, because he'll be too busy or too lazy to sit down and compose a well-constructed and sound rebuttal.

Well, we shall see. Don't expect to stick your head in my office from now on and have your eye fall on Mr. Jimmy. Jimmy won't be there. Maybe there'll be a letter from him in the afternoon mail.

Kindest regards from the vanishing American— Jim.

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EDITORIAL

Who'll Be The Goat?

Was this slump we're climbing out of much different from any of the others, in spite of all the fine things we've said in recent years about the New Era, stabilized prosperity, economic balance, and other glories of the age? Less serious and prolonged perhaps, say some, tapping the nearest hunk of wood.

But, after all, don't we seem to be about back where we started from on this scenic railway of the business cycle? Haven't we been surprised to find ourselves loaded up with the same old swollen stocks, of copper, wheat, wool, radios, automobiles, and what not, in spite of hand-to-mouth buying? We may not have had any old-fashioned price inflation beforehand, but haven't we heard a long shrill whistle of commodity price deflation indicating a familiar, though always unexpected, puncture of the inventory? Didn't this recession, as usual, run around the world like a tidal wave and wash out a lot of our foreign trade prospects? And—pardon us for mentioning it—didn't we have some of the usual unavoidable unemployment?

So through the list of old familiar landmarks of the business cycle—one can spot them as they have risen month by month from the subsiding waters of the New Era.

But, wait a minute, as Noah might have said, where is the goat? Every orthodox business recession must have at least one goat, somebody who will shoulder the burden of reconstruction and pay the bills of recovery. Here is the Ark of the Republic perched on Ararat and everybody getting ready to climb out and go to work doing business as usual at the old stand; but the sacrificial goat cannot be found. Stockholders decline to offer their dividends to be cut, pointing to fat surpluses in the background. Workers refuse to let their wages be sheared, and employers punctiliously protest against touching a hair of consumer purchasing power. The raw material producers and railroads have become so bald through falling prices and rates already that they have nothing left to clip. Retailers are in chains and can't move to cut prices any more, have never heard of the flood, or refuse to recognize it.

This is an unprecedented state of affairs. Heretofore there has always been a pretty general and bloody slashing of everything—profits, prices, wages—before the gods were appeased and recovery made possible. Now everybody stands pat—waiting for the high priest of prosperity to find a new goat on which to work his magic.

We have a hunch—or a hope—as to who the goat is going to be. Before the rainbow appears the high priest, modern management, will have to be hauled out of the hold where he's been hiding since the flood began, and be set to work trimming the whiskers and cutting the liver and lights out of a lot of nice fat costs, while workers and investors gather round shouting Hallelujah.

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